FINANCIAL TIMES
1984
No. 29,805 ***
Saturday December 14 1985
UK 40p U.S.A. $1.00
Canada C$1.00 Bermuda $1.50

WORLD NEWS

Electricians vote to take ballot cash

The electricians' union EETPU yesterday voted 9-1 to take state aid for ballots, sharply *increasing pressure* on the labour movement to drop its opposition to the Government's labour laws.

The vote directly challenges TUC policy, and the TUC general council is split over whether to suspend EETPU and the Amalgamated Union of Engineering Workers, which seems certain to reaffirm its *willingness to take state aid* when it announces the result of a second ballot on the issue *next Thursday*. Back Page

Life in jail for Briton

Briton Ian Davidson and two Palestinians were jailed for life *in Nicosia, Cyprus, for murder*ing three Israelis in September.

Death inquiry rejected

Home Secretary Douglas Hurd rejected calls for an inquiry into the police operation in which detective John Fordham *died. A man was acquitted* of his murder on Thursday.

Sabotage not ruled out

Canadian authorities said sabotage had not been ruled out in Thursday's jet crash, which the Islamic Jihad group yesterday *said it caused*. The US *revised* the death toll to 256.

Nato backing for US

The US won unusually firm backing from Nato allies for its stance in the Geneva arms talks and its policy of improv*ing East-West relations*. Page 2

Nicaragua accused

US Secretary of State George Shultz accused Nicaragua of being involved with the M19 guerrillas who massacred judges and other civilians in Colombia. Aid, Page 3

Greens spied on

West Germany's counter-intelligence service said it had been *ordered by the Interior Ministry* to spy on the Greens party, which has 26 MPs.

Labour court move

Ten Labour Party members facing expulsion for alleged Militant Tendency connections won a High Court order halting proceedings against them. Page 3

Political fund fears

The Government may legislate to head off moves by Civil Service unions to set up political funds. Page 4

Belfast acquittal

A *Belfast* judge acquitted James Shannon, extradited from Dublin last year, of murdering former Stormont Speaker Sir Norman Stronge and his son.

Kidnap attempt fails

A Cuban vice-consul, *two em*bassy clerks and a professor were held by Madrid police after an attempt to kidnap a Cuban refugee failed.

PLO spreads itself

The Palestine Liberation *Organisation is moving* many staff from its Tunis headquarters to Baghdad and other Arab capitals.

Romania hits back

Romania criticised US Congress members who called for the *country's trade status* to be reduced on human rights grounds. Page 3

Stones player dies

Ian Stewart, keyboards player with the Rolling Stones, of which he was a founder member, *died aged 47.*

Fifa eases ban

The International Football Federation, Fifa, lifted the ban on *English* clubs playing friendly matches in Europe, imposed after the Brussels European Cup *final rioting*.

BUSINESS SUMMARY

Unilever in Latin America deal

UNILEVER, the Anglo-Dutch consumer products group, is to buy the Mexican and Brazilian food interests of Anderson Clayton and Co of Houston for about $112.5m (£78m).

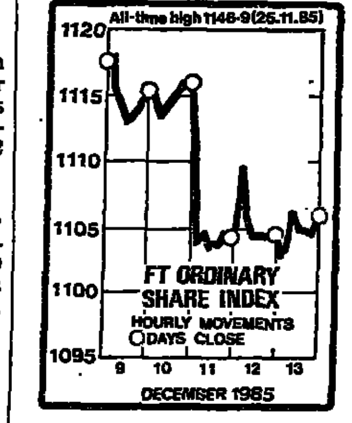
The group said the purchase was in line with its policy of concentrating on core activities, and would strengthen its already considerable position in the two countries. Page 8

INFLATION accelerated slightly in November, suggesting that prices may end the year somewhat above the level predicted by the Chancellor in last month's Autumn Statement. Back Page and Editorial Comment, Page 6

LIFFE announced plans to accelerate its expansion pro*gramme with the launch of four* contracts in the first half of next year, including three options. Back Page

TELEVISION and newspaper campaign is planned by senior ministers to stress the Government's commitment to fighting fraud in the City. Back Page

EQUITIES ended a turbulent week on a subdued note on continuing fears of an oil price war, *and Cable and Wireless 300p*-



paid new shares had a quiet debut. The FT Ordinary share index closed 1.1 higher at 1,105.9 for a fall of 11.7 on the week. Page 12

INTERNATIONAL Coffee Organisation's 15-day moving average price went above 150 cents a pound for the first time since May 1984, raising expectations of a complete suspension of *coffee export controls*. Page 11

CHANNEL EXPRESSWAY, *one of the groups bidding to* build a fixed Channel link, is understood to be close to a *partnership agreement with a* subsidiary of SCREG, the French construction group. Back Page

ELLERMAN LINES, the UK container shipping company, was bought by its executive directors from hoteliers David and Frederick Barclay in a deal backed by City insitutions. Page 4

ROBERT MAXWELL, Mirror Group Newspapers publisher, said he had secured union agreement to shed a third of the group's workforce.

COLLABORATION between the US and the EEC in preparing and negotiating the latest Gatt round to liberalise world *trade was endorsed by US Sec*retary of State George Shultz and European Commission pre*sident Jacques Delors*.

GREENE, KING & SONS, the *Suffolk-based* brewer, lifted interim pre-tax profits by 19 per cent to £4.39m. Page 8

PENNZOIL, the small US oil company awarded *$11.1bn* (£7.72bn) damages against Texaco, said it would "consider seriously" any realistic settlement offer from its larger rival.

MITSUI, the Japanese trading company, suffered a 53.7 per cent fall in consolidated net profits to Y2.07bn (£7.11m) in the first half ended Septem*ber 30*. Page 9

European rescue bid shunned as Westland turns to Sikorsky

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

WESTLAND, Britain's ailing helicopter manufacturer, yesterday *rejected* a rescue bid from four European aerospace companies and announced that the *US conglomerate* United Technologies and Fiat of Italy would between them take a minority *shareholding in* the company.

Full details of the deal together with financial terms for a capital restructuring of the company are to be given to shareholders next Thursday, Sir John Cuckney, Westland chairman, said last night.

As part of the proposed arrangements, Westland will *take a licence from the Sikorsky* division of United Technologies to manufacture and sell the *Black Hawk helicopter*, the company said in a brief statement.

The Westland move brought a sharp reaction from the Ministry of Defence in London, where Mr Michael Heseltine, the Defence Secretary, has been closely involved in putting together the European rescue bid. Officials expressed surprise at *the speed* at which Westland had rejected the European offer, submitted only yesterday after*noon in final form, and threat*ened not only that Westland would be likely to get fewer orders from the Defence *Minis*try but that the company's action could jeopardise its existing and possible future collaborative helicopter programmes with Europe.

The officials said specifically that the Defence Ministry had *neither funds nor a requirement* for the Sikorsky Black Hawk medium weight transport helicopter, which Westland will build under its agreement with United Technologies. However, there was a milder reaction from the Trade and Industry Department.

Officials there pointed out that Westland had had the proposal from Sikorsky, with which it had had a "long and fruitful relationship" for several weeks, while the European one had come very late. The department's *main concern had always* been that Westland should be free to make up its own mind.

Specifically, the department made clear that Westland no longer needed to be "inhibited" *by an* agreement between the armaments directors of Britain, France, West Germany and Italy 10 days ago which would have provided, had the European solution gone ahead, for Westland to manufacture only European helicopters.

Westland, which faces a major gap in its workload over the next five years as well as a hole in its balance sheet, *apparently took less than two hours yesterday to reject the European bid.*

Sir John, who was appointed in June to head the rescue programme, told a hastily convened press conference that the four European companies involved

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Man in the news, Page 6

Sharp reactions by partners

BY DAVID MARSH IN PARIS AND JOHN SIMKINS IN LONDON

REACTIONS from two of Westland's erstwhile European partners to last night's decision on the Sikorsky-Fiat link were sharp.

Aerospatiale, the state-owned French group, said the decision represented a "betrayal" of accords linking Westland and Aerospatiale in the past.

Agusta, the Italian helicopter maker, said Westland's action was a blow to European *collaboration*.

Westland and Aerospatiale have co-operated since 1967 on the Lynx, Puma and Gazelle helicopters. Technological *exchanges forged* under 1978 inter-governmental accords will no longer continue, the French company *said* last night.

The move seems bound to increase the feeling in the French aerospace industry that faced with a strategic choice between the US and Europe, Britain will almost always in the last resort favour trans*atlantic ties*.

France has fought at a governmental and industry level for a European solution to Westland's troubles, which would *imply Britain's joining* the Franco-German project for an anti-tank helicopter for the *1990s which* was decided last year.

A strong background factor in Aerospatiale's disappointment last night was almost certainly the fear that, with its UK foothold, Sikorsky would become an even more effective *competitor on the international*

Continued on Back Page

Moves to save Reagan tax bill

BY STEWART FLEMING IN WASHINGTON

THE WHITE HOUSE claimed yesterday that it had worked out new understandings with rebel Republicans on Capitol *Hill* aimed at *rescuing Presi*dent Ronald Reagan's stalled tax reform bill from oblivion.

Mr Larry Speakes, White House spokesman, refused to discuss either the details of the deal or to estimate how many Republican congressmen had *agreed to change their votes* and support the measure.

On Capitol Hill some officials put a slightly different gloss on the frantic efforts the White House is making to revive a tax bill which Mr Reagan had made his top domestic legis*lative priority*.

Mr Charls Walker, a top tax lobbyist, commented: "The tax reform bill is on *life-support* at the moment," adding that it would not be wise to bet against Mr Reagan.

The tax plan stalled in the House of Representatives on Wednesday, when only 14 members of the President's Republican Party voted for a rule which would have allowed *the tax bill to be brought to* the House floor, thus denying it a majority.

Many Republicans have objected to provisions in the bill drafted by the Democrat-controlled House Ways and Means Committee which, they maintain, will harm their constituencies.

Mr Donald Regan, White House Chief of Staff, has again come under attack for not putting enough effort into *smoothing ruffled Republican* feathers and right-wing Republicans have criticised Mr James Baker, the Treasury Secretary, for putting too much emphasis on his alliance with Rep Dan Rostenkowski, Democratic chairman of the Ways and Means Committee.

Both men have spent hours on Capitol Hill in the past two days trying to save the President from a humiliating political defeat.

With Congress rushing in an attempt to adjourn for Christmas, *Monday may also see* action on the continuing resolution needed to finance *branches of the Government* which have yet to have congressional appropriations approved. An extension of the Bill approving the temporary continued financing has been signed by Mr Reagan but expires at 6 pm local time on Monday.

The Democratic Party is divided and its attitudes are bound up with the contest between Rep Jim Wright and Mr Rostenkowski to succeed Mr "*Tip*" *O'Neill, the House* Speaker. The House was in recess yesterday so a vote on *the tax Bill, if the President* can secure one, which requires him to convince the Speaker that he has the support to pass it, will not come until Tuesday.

Sluggish growth, Page 3

Oppenheimer managers plan buyout

BY JOHN MOORE IN LONDON AND PAUL TAYLOR IN NEW YORK

MANAGEMENT OF Oppenheimer, the US securities group, is planning to buy control of *the business from Mercantile* House Holdings, the British-based international financial services *group*.

No financial details of the proposed deal have emerged, but in London yesterday the cost was estimated to be $120m *(£83.4m)*. On London's Stock Exchange the share price of Mercantile House rose 22p to *295p*.

Mercantile House moved swiftly yesterday to announce that talks were taking place as Wall Street had already heard *rumours* of the proposed deal.

Mr John Barkshire, chairman of Mercantile House, said yesterday: "*We both decided* that we were not perfect partners." Mercantile, however, one of few British financial groups to own a US broker, *said it would seek a more* appropriate securities group in the US with which to link.

The talks surprised the City yesterday. It was only in 1982 that Mercantile House moved to acquire Oppenheimer Hold*ings, a Wall Street stockbroker* and fund management group, for £91m.

Yesterday Mr Barkshire said his group had been thinking for a year about what to do with the entire Oppenheimer operation, but had been in serious talks with Oppenheimer management for the past three or four weeks.

Under the proposed deal, terms of which could be announced before Christmas, the Oppenheimer management, led by Mr Stephen Robert, will acquire the securities business, Oppenheimer and Co and Oppenheimer Capital Corpora*tion*.

The purchase is being carried by an investor group formed by the management. So far there are no signs on how the *management* is *financing* the arrangement.

Mercantile House intends to retain an interest of about 20 per cent in Oppenheimer securities businesses. These businesses are estimated to be worth $150m, excluding the fund management businesses, which will be retained by *Mercantile. Oppenheimer* has $7bn of funds under management in the US and $500m of funds in Britain.

Wall Street analysts believe *the management buyout talks* were prompted by the wide cultural and philosophical gap between Oppenheimer's management and that of its British parent company.

"Over the past 3½ years Oppenheimer's business has changed quite a lot," Mr Barkshire said. "They are orientated towards *domestic* products which are less relevant to Mercantile House

"We need in *the* US more involvement in fixed interest markets, with the institutions and the Euromarkets. Oppenheimer was not a perfect vehicle *for us in the US.*"

Unforeseen heavy loss led to Telegraph sale

BY RAYMOND SNODDY

THE DAILY Telegraph group lost £16m in the six months to September, it emerged yesterday as the company revealed the long-awaited details of a £30m *refinancing package, by which* control will pass to Mr Conrad Black, the Canadian businessman.

The loss was greater than expected. It includes a trading loss of £6.7m and a charge of £9.8m for "rationalisation of *employee practices*."

Lord Hartwell, the chairman and editor-in-chief, spoke last *night for the first time of his* sadness at losing control of the company to Mr Black.

In an interview with the Press Association, he promised that, in spite of the change in ownership, the Daily Telegraph would be run "in the same way as it always has been."

Undertaking

M rBlack did not want day-to-day control of the newspapers —the Daily Telegraph and Sunday Telegraph—and had given an undertaking to act *only through* the *board, Lord* Hartwell said.

"I do not know him very well, but I get on with him and he does not want to be a newspaper tycoon."

The £30m refinancing needed to complete the modernisation of the newspapers, particularly new printing plants in London Docklands and in Manchester, involves £20m in new equity and £10m in additional bank loans.

*Hollinger, a Canadian com*pany in which Mr Black has a controlling interest, will subscribe for £14.4m of the new equity, and £5.4m of a rights issue will be underwritten by Hollinger.

The company will acquire shares from the Telegraph Newspaper Trust, which holds the Berry family shares, to take its stake to 50.1 per cent.

Until September 1989, Hollinger will also have an option *to buy an additional* 10.2m shares from the Telegraph Newspaper Trust. To allow the *deal to go ahead, the City take*over panel had to agree to waive rules that would have required Mr Black to make a general offer for all the Telegraph shares at the same price as that represented by the £10m he had paid for 14 per cent of the *shares last summer*.

That deal was part of a package which also involved £80m *of bank loans. That sum, and* the additional £10m in bank loans, will be made available only *if* the Telegraph meets financial performance targets. Those involve both cost reductions and *revenue improvement*.

The company also confirmed yesterday that Mr Andrew Knight, editor of The Economist, would become group chief executive of the Daily Telegraph and the *Sunday Telegraph*.

Mr H. M. Stephen, managing director of the Daily Telegraph, is to retire, although *he* will stay on as a consultant and as chairman of a subsidiary company to manage construction of the new print works in Man*chester and London*.

Mr Anthony Hughes, the company secretary, will become *finance director in succession* to Mr R. J. Holland early next year.

The company said yesterday that a forecast profit of £5m for the half-year had turned out to be so profound a loss because:

- Advertising revenue has been *greatly below expectations;*
- Labour costs, particularly training for new technology, *had excellent by-elections.*
- There was a fall in revenue from circulation and the cost of a new pension fund for printers had cost more than was foreseen.

The financial position is actually worse than it appears. The deficit does not include interest charges on the money used to finance the printing plants until *they come into operation*.

The Telegraph admitted yesterday that a move into profit was *unlikely until the London* printing plant had come into full operation in 1987 and the necessary cuts in staff and other costs had been made.

Manning levels

It emphasised there would have to be "a significant reduction in manning levels in all areas."

The company faced an extremely difficult operational *period in the short term, the* interim report said. But, given the support of the banks and *the co-operation of employees,* the eventual result should be "a stronger company with modern printing technology, capable of long-term profitability."

Journalists on both newspapers said last night they were pleased by "proposals to guarantee the future of the Daily Telegraph and Sunday *Telegraph, and look forward to* working with the new proprietor and new chief executive in *maintaining the papers'* editorial standards."

The road to Conrad Black, Page 6; Lex, Back Page

WEEKEND FT

CHINA

China and Japan are neighbo[...] with close historical links. B[...] a curious pall has settled [...] relations between them, Ju[...] Martin reports.
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SAVINGS

Diamonds may be forever—b[...] they are not a good investme[...] A report on the market f[...] gems and precious metals.
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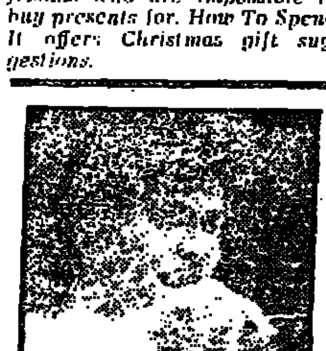
HOW TO SPEND IT

We all know them—thos[...] friends who are impossible t[...] buy presents for. How To Spen[...] It offers Christmas gift sug[...]gestions.



RECORDS

FT music critics offer their selections of the best record[...] available.
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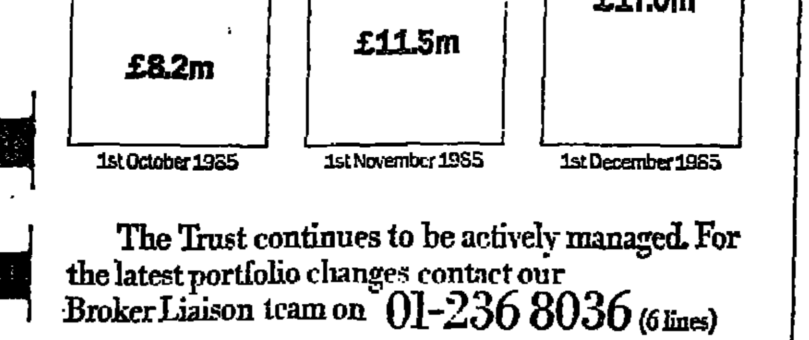

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime: $1.4355
DM 2.5220	London: $1.4370 (1.4395)
FFr 7.7125	DM 3.6225 (3.6200)
SFr 2.1085	FFr 11.10 (11.06)
Y202.85	SFr 3.0275 (3.0250)
London:	Y291.00 (290.75)
DM 2.5205 (2.5140)	Sterling index 78.7 (78.6)
FFr 7.7250 (7.6825)	**LONDON MONEY**
SFr 2.1075 (2.1015)	3-month interbank:
Y202.50 (202.05)	closing rate 11 11/16% (11¾)
Dollar index 127.1 (126.9)	3-month eligible bills:
Tokyo close Y202.30	buying rate 11 17/32% (11 15/32)
US LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 7 13/16%	FT Ord 1,105.9 (+1.1)
3-month Treasury Bills:	FT-A All Share 669.76 (+0.2%)
yield: 6.96%	FT-SE 100 1,351.4 (+2.9)
Long Bond: 103 25/64	FT-A long gilt yield index:
yield: 9.53%	High coupon 10.39 (10.42)
GOLD	New York lunchtime:
New York: Comex Feb latest	DJ Ind Av 1,523.85 (+12.61)
$321.9	Tokyo:
London: $318.5 ($317.5)	Nikkei 13,107.98 (+57.70)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 80; Spain Pta 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 60p; Malta 30c.

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OVERSEAS NEWS

Nato allies back US stance over arms controls

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN BRUSSELS

THE US yesterday won unusually firm backing from its Nato allies, both for its stance in the Geneva arms control negotiations, and its policy of improving East-West relations through summits and other high-level meetings with the *Soviet Union.*

Support for the US at the winter Nato ministerial meeting extended even to the controversial area of President Ronald Reagan's Strategic Defence Initiative (SDI), the so-called "*Star Wars*" *concept, which* has been the subject of sharp *criticism by some of America's* European allies in the past.

Though it is clear that many Western countries still have strong reservations about the ultimate effectiveness of the space-based defence system and *fear that, if space weapons are* deployed, they would set off a *new arms race, there is now* much wider acceptance of the need for SDI research at least.

This modification in the alliance's attitude towards SDI has taken place largely as a result of repeated statements by *Mr George Shultz, the US Secre*tary of State, that, for many years *to come, SDI would be* no more than a research programme and that nobody could predict whether it would ever lead to the deployment of space weapons.

Sir Geoffrey Howe, the British *Foreign Secretary,* was particularly reassured by this undertaking and *by Mr Shultz's state*ments in London earlier this week and at a press conference here yesterday that the West's military strategy would continue to be based, "for the present and foreseeable future," *on strategic nuclear forces.*

The other elements which *have led some members of the* Alliance, including Britain, West Germany, and Italy, to adopt a more positive attitude towards SDI, is what Sir Geoffrey described as "an increasing perception" that de*fensive weapons should play* a larger role in the West's strategy.

Nato countries had to match similar Soviet research on space defensive systems.

At the same time, the Foreign Secretary went out of his way to call for a "clarification and strengthening" of the 1972 Anti-Ballistic Missile (ABM) Treaty to take account of the technological innovations which had taken place since it was signed.

Though French objections prevented any specific refer*ence to SDI in the communique* issued after the meeting, it stated clearly that the allies "strongly support" US efforts in all three areas of the Geneva arms control negotiatons.

These include strategic and *intermediate range nuclear* weapons, as well as space *systems.*

The communique welcomed the agreement between President Reagan and Mr Mikhail Gorbachev, the Soviet leader, to accelerate work at the Geneva arms control talks, in particular in areas where there was common ground, such as the *propsal for a 50 per cent* reduction in US and Soviet strategic nuclear weapons.

The allies also endorsed the "constructive proposals" tabled recently in Geneva by the US, for a limitation of Intermediate Nuclear Forces (INF) to 140 missile launchers on each side, and supported the idea of an interim INF agreement. Mr Gorbachev *has intimated that* Moscow would be prepared to negotiate *such an agreement,* but doubts persist whether, in the last resort, it would agree to de-link this issue from agreement on strategic and space weapons.

While welcoming the outcome of last month's US-Soviet summit in Geneva, several *ministers, particularly Mr Hans*-Dietrich Genscher, the West *German Foreign Miinster, said* it was not enough for such meetings merely to produce an improvement in the East-West atmosphere.

Next summer's summit in Washington must produce concrete *results,* they said. Mr Shultz's answer to this advice *was that the US would do its* utmost to work for specific agreements at the next summit. But the allies should not be mesmerised by a deadline. "We want good agreements. We don't want agreements which undermine the security of the West," he said.

French-speaking states to hold summit in February

BY DAVID HOUSEGO IN PARIS

FOREIGN MINISTERS and representatives from some 40 French-speaking *states will be* meeting in Paris today to pre*pare the ground* for a summit of French-speaking states to be held in February.

The summit is intended to be the equivalent of a Commonwealth heads of government meeting. Though the idea for it has long been in the air, the decision to go ahead with it was only taken in the corridors of the Franco-African summit which ended yesterday.

The major stumbling block to any such meeting was a dispute between Canada's federal government in Ottawa and Quebec on how Quebec should be represented. *This* was *finally resolved* in November.

President *Mitterrand used* the occasion of the Franco-African summit to tie up the remaining details of a project *that has been under discussion* for 20 years. The summit will be held just before the parliamentary elections in France.

Switzerland is the only major French-speaking nation to have decided against participating — citing constitutional reasons. But other French-speaking states to be represented include Belgium, Luxembourg, Canada and Quebec, Lebanon, *Laos,* Luxembourg, Monaco and Vietnam.

Today's ministerial meeting will try and draw up an agenda for the summit and establish a framework that will link the French-speaking nations. A strong motive behind the gathering is a common interest in trying to preserve the French *language against* competition from English.

EEC budget decision soon

*THE PRESIDENT of the Euro*pean parliament left a question *mark hanging over the Euro*pean Community's finances yesterday when he indicated he may not sign a disputed budget agreed by the assembly on Thursday. Reuter reports from Strasbourg.

Failure to do so would put the Community on an emer*gency funding system from the* start of the New Year, and *trigger off a separate internal* parliamentary dispute.

*Mr Pierre Pflimlin, answer*ing questions in the chamber, *said he had not yet signed the* budget and needed time to reflect, adding that his final *decision would be made known* before January 1, when the *group officially runs out of cash.*

Normally, the President of *the parliament would sign the* budget a matter of hours after the final vote.

Without the signature, the *process is incomplete and the* Brussels Commission, which actually spends the money, would be unable to act on the basis of the vote.

The parliament, which shares *budget powers with the Council* of Ministers, overwhelmingly *voted to inject a further* Ecus 569m (£345m) into the budget.

Bonn's Free Democrats' stalling ploy over SDI

By Rupert Cornwell in Bonn

A STILL sceptical Free Democrat Party — the junior member in West Germany's coalition government — last night gave its approval for Bonn to negotiate with the US to protect the interests of West German companies involved in research on the US Strategic Defence Initiative SDI project.

But the precise form of a likely Cabinet decision to *this* effect on Wednesday was cast into doubt by *the new pro*posal of the FDP — whose basic hostility to SDI remains — that party leader Mr Martin Bangemann, the Economics Minister should conduct the talks himself. They should moreover not just be confined to SDI, but *embrace all legal and techni*cal problems posed by *industrial* co-operation between American and West German companies.

Hitherto Chancellor Helmut Kohl and his Christian Democrat and Christian Social Union allies have been aiming to start detailed discussions early in the New Year, *to pave the way for an under*standing, probably in the form of an exchange of letters between Bonn and Washington. But Mr Bangemann said after a meeting of the FDP leadership that he could give no guarantee of agreement. If his idea was accepted, he *would begin the negotiations* as "a priority" but could give *no idea of when they might* be concluded.

Mr Hans-Dietrich Genscher, the FDP Foreign Minister, claimed last night that the approach tallied with the thinking of both the Dutch and Italian Governments, which are still undecided on *formal SDI involvement.*

But observers last night were *taking the party's pro*posal as a stalling device, to put off as long as possible a decision on SDI to which Mr Genscher, in particular, is deeply opposed.

S. Africa black boycott hits white shops

By Anthony Robinson in Johannesburg

WITH NINE boycott days still to run before Christmas, the black consumer boycotts of white shops in the Johannesburg and Pretoria areas have lead to a drop in turnover for retailers already suffering from the recession *and also created a new source* of tension in the surrounding black, townships.

Three bullet-ridden bodies were found in the black township of Kagiso near Krugersdorp yesterday and police are investigating reports that the deaths were *connected with conflicts* between boycott enforcers and shoppers *angered by the re*strictions placed on them and the confiscation or destruction of goods bought in white shops.

In Johannesburg, police detained Mr Jabu Ngwenya, a *spokesman for the Soweto* Consumer Boycott Committee, which faces a difficult task in stopping the 2m-or-so residents of Soweto from making purchases in the white stores and downtown supermarkets of Johannesburg which on Saturdays is *normally a 90 per cent black* city.

Meanwhile in Cape Town, about 1,000 police and troops raided the recent-built black township of Khayelitsha, about 20 miles from the city yesterday—the sixth major security operation in the area *over the last two weeks.*

Tens of thousands of blacks have moved into the new township and its associated squatter camp over the past 12 months, many of them illegal immigrants from the Ciskei and Transkei Homelands.

AP adds from Johannesburg: Soldiers yesterday shot dead a *young man among hundreds* of blacks who stopped cars and seized goods bought in defiance of the shops boycott.

How Mrs Mopp flopped for the French Left

Paul Betts looks at a poster victory for the Right

A MRS MOPP with apron, duster and broom looks horrified and screams: "Au secours! La droite revient" (Help, the Right is coming back).

A hard-hatted construction worker looks as if he is about to choke on his big baguette bread sandwich and shrieks the same warning.

A secretary, a businessman, a student, are all equally appalled and utter the same message with alarm.

These characters form the basis of the ruling French Socialist party's *controversial* poster campaign for the parliamentary *elections next March.*

Although original and funny, *the posters are widely ragarded* as a political flop and have *given the Right-wing opposition* an early victory in the latest election poster war.

That the Socialist party is expected to lose the elections and its majority in the National Assembly no one in France anymore doubts .

A poll published by Paris-Match this week underscores the Sociailists' political predicament, showing the pants declining to 21.5 per cent of the *national vote compared with a* combined total of 57 per cent for the right-wing parties, including the extreme-right National Front.

The magazine Le Point published a more favourable poll this week, showing the Socialists gaining 27 per cent of the vote. But Mr Laurent Fabius, the Prime Minister, has *lost eight points in the popu*larity league in one month, according to another recent poll.

However, even if the Right's victory next March looks in*creasingly inevitable,* Socialists themselves feel that it was a political blunder to launch a nationwide *poster* campaign acknowledging the Left's defeat in the elections.

The negative, defeatist theme of "Au secours! La droite revient" is also echoed in other *Socialist posters warning that* if the right wins, France will be losing its *feathers* in a reference to the Gallic rooster.

Mr Jacques Seguela, one of the country's best-known and most successful image-makers and marketing men, believes *the Socialists have made* a huge marketing mistake by trying to be too original.

Mr Seguela says the posters *are amusing* but completely negative in terms of political impact.

Mr Seguela, who has been in *the past one of President* François Mitterrand's closest *image* and media advisers, was responsible for the extremely successful Socialist poster campaign which contributed to the party's and Mr Mitterrand's triumph in 1981.

The campaign was based on the *reassuring theme* of "La force tranquille" or the quiet force. It was among the most successful political poster campaigns to hit the streets of France.

Ironically, it is a member of Mr Seguela's team of publicists who has devised what is turning out to be a very successful poster campaign for the neo-Gaullist RPR, the largest of the right-wing opposition parties.

A poster showing Mr Jacques Chirac, the mayor of Paris and leader of the RPR, *with a little* girl and the slogan "Vivement Demain" or the *equivalent of* "Roll on tomorrow" has become a *big hit.*

The Chirac poster already appears *to* have overtaken the old Socialist "force tranquille" *advertisements* of 1981 in political and public impact.

Another poster exploiting the same theme of "roll on tomorrow" shows Mr Chirac and some boys in shirtsleeves in a field.

The boys *include all the* new generation political leaders of *the RPR. The poster has proved* successful although not as popular as the little girl poster.

The French Communist Party, which is waging a lively campaign both against the right-wing parties and the Socialists —its former partners in government before the break-up of the *union of the French Left*—has chosen a conventional series *of posters* to express the theme that the Communists can provide an alternative to help France resolve its problems.

It has also reserved a special sting for the Socialists with the slogan "We hold on tightly when every*thing else* gives way" in a transparent reference to *the re-centring of the* Socialist Party.

French edge ahead in India helicopter saga

BY JOHN ELLIOTT IN NEW DELHI

AEROSPATIALE of France has *signed a letter of intent to sup*ply 27 Dauphin helicopters costing FFr548m (£50m) to India which puts it marginaly ahead of Westland of the UK in the current stage of the race to secure major orders from India's New Helicopter Corporation.

Until a few months ago, Aerospatiale and Westland had been competing over two years for a single order to supply helicopters *for India's Bombay* High offshore oil field.

Now the New Corporation, which will provide wider services, is expected to order about 50 helicopters from both compaines in orders totalling £125m *to £145m.*

A team of Westland negotiators is expected *in New Delhi* soon to finalise terms for a possible contract without concluding a formal innterim letter of intent. The British Government *is* covering the basic £65m cost of 21 helicopters with aid in the form of grants.

Westland received a letter *from the Indian High Commis*sion in London in July last year *saying an order for its W30 heli*copters would be placed. But this appeared to have been abandoned when Mr Rajiv Gandhi, Indian Prime Minister, came down temporarily against buying Westland earlier this year and said in the Indian *Parliament that no letter of* intent had been issued.

*Concern among foreign com*panies about the security of Indian letters of intent increased a few months later when the Government cancelled a letter issued to Boeing for airliners costing \$560m and switched the order *to Airbus Industrie.*

However, India's need for a *fleet of helicopters is so urgent,* and the aid packages offered by both France and the UK cover so much of the costs, that both orders seem likely to go ahead.

The letter of intent with Aerospatiale was signed on November 30 just before Mrs Edith Cresson, French Minister for Foreign Trade, visited New Delhi.

The letter provides for eight of the 27 helicopters to be provided free, compared with an earlier offer of only six. The rest of the cost is believed to *be split equally between 30-year* loans at 2½ per cent, with a 10-year grace period, and export credits.

There is no sign in New Delhi of concern about the future of Westland, which is the subject of possible takeover bids, slowing down negotiations. But the Indian Government is concerned about guarantees of spares for the likely 20 years' lifetime of the helicopters.

EEC doorstep sales charter becomes law

By Paul Cheeseright in Brussels

THE EUROPEAN Community "charter of the doorstep salesman" has been tacked on to the door of the Trade Ministers' Council Chamber, eight years *after it was first proposed.*

Since 1983, the German *Government, for reasons long* lost in the mist of Bonn politics, has been holding up this piece of consumer protection legislation.

But on Thursday, at a Trade Ministers' meeting, Mr Otto Schlecht, the German State Secretary for Economic Affairs, remarking that the past could be forgotten, lifted his Government's objections.

So anybody in the Community buying goods worth more than Ecus 60 (£35) from *an uninvited salesman can now* have a seven-day cooling-off *period before the sales contract* becomes binding.

Ivory Coast to seek debt rescheduling over five years

BY PETER BLACKBURN IN ABIDJAN

THE Ivory Coast is to seek a *five year (1986-90) rescheduling* of medium term public external *debt due to both official and* private creditors, according to Mr Maurice Seri Gnoleba, Minister of State. Following the International Monetary Fund and World bank, commercial bank creditors have this week been having informal talks in Abidjan with the Government, *which is expected to announce a* decision to reschedule again before the end of the month.

The current 25 month com*mercial bank agreement expires* on December 31. It involved the *rescheduling* of \$500m (£349m) of principal and, in an unprecedented move for Africa, was accompanied by \$125m of fresh money for balance of payments support.

There have been doubts whether the Ivory Coast would *need to reschedule following* excellent harvests this year, including a *record* cocoa *crop,*

As a result the country could *meet fully its debt service com*mitments, estimated at some *\$1.1bn and representing 38 per* cent of projected export earnings in 1986.

"But this would result in *economic stagnation* and more sacrifices from Ivorians which is unacceptable." Mr Seri Gnoleba, which is responsible for debt negotiations, said.

Difficulty in forecasting crops, dollar and interest rate movements make the outlook less certain for 1987-88

Japan growth 'likely to be under 4% next year'

BY JUREK MARTIN IN TOKYO

A LEADING member of the *Japanese Cabinet yesterday* conceded that the nation's *growth was likely to be under* 4 per cent in real terms in the fiscal year beginning next April.

Mr Ippei Kaneko, director-general of the Economic Planning Agency, said he broadly agreed with the latest projections by the Organisation for Economic Co-operation and Development (OECD) that real expansion would be in the 3.5 *per cent range.*

Mr Kaneko later hinted that the official target, now being worked on as part of the 1986-87 budget, might be closer to 4 than 3 per cent.

Yesterday, an official of the Ministry of International Trade and Industry (Miti) hinted that Japan might drop its voluntary restrictions on car exports to the US next spring, when the *programme expires.*

The anticipated weakening of *of the domestic economy is also* causing the Government some hasty last-minute revisions in the 1986-87 budget, which it to be presented to parliament at the end of this month.

The proposal to reduce, by nearly \$5bn, the volume of government bonds needed to roll over the national debt now seems in doubt because of the the *projected shortfall in tax* revenues.

*The Government is also con*sidering tightening up existing tax payment deferments available to companies currently trading at a loss.

Urban voters leap ahead

PARTIAL FIGURES from the national census taken last October show that the voting imbalance between Japan's most sparsely and densely populated areas has now risen *to well over over five to one,* Jurek Martin reports from Tokyo.

This data, released yesterday, *throws a prime facie doubt on* the validity of the Bills now *in front of Parliament which* would re-apportion Japan's electoral districts to give greater weight to the urban voter.

Steven B. Butler recently in Kwangju reports on alarm at student protests

South Korean demands for democracy grow

"LONG LIVE democracy!" Mr Kang Sung-Ho bellowed out toward the courtroom audience *before police whisked him away.*

A three-judge panel stood up quickly and left through a door behind the bench. They had just sentenced Mr Kang to five years in prison for violating South Korea's national security law.

Mr Kang, a student activist from Chosun University who led a series of demonstrations against the Government, was tried and convicted for being pro-Communist.

The courtroom audience im*mediately rose to their feet and* began singing a church hymn. *The Rev Shin Kyung-Sik, of the* Sung-Ji Church in Kwangju, *followed with a long prayer.*

"We bear witness before god," *the pastor said.* "that Kang Son-Jin is not a Communist!"

This courtroom drama, which took place on December 2 in *the southern city of Kwangju,* illustrates part of he deep political division in South Korea that is frequently obscured by more violent clashes between students and police.

A broad range of ordinary Koreans, many supported by Protestant and Catholic churches, is becoming frustrated and angry at what they see as government failure to bring democratic reforms.

In fact, Christianity and democracy have come together in South Korea in a way that *frequently mimics important* strands in the Western tradi*tion. That has butressed an* even longer and richer Korean tradition — resistence to a central authority.

The courtroom audience was composed mostly of members of a Presbyterian church from the *rural town of Kangjin,* about 35 miles south of Kwangju.

The convicted man's father, Mr Kang Bong-Nam, is a fertiliser merchant in the town and an elder of the church.

On the day of sentencing, as on earlier days of the trial, to express moral support for Mr Kang and to protest against the Government, the church chartered a bus and filled the court fith parishoners — mostly merchants and farmers, some retired.

> Christianity and democracy have come together in South Korea in a way that frequently mimics important strands in Western tradition.

One old man with a long, white beard showed up in rubber farm boots and silk pantaloons. A 60-year-old woman, seen days earlier in her village in work clothes, wore a purple dress with fake fur.

The Government has begun to use the *harsh national* security law against student *activists such as Mr Kang* because of what it sees as an alarming trend toward leftist political thinking. Students have become better organised and more violent.

Although South Korea's student radicals do not openly embrace Marxism (nor do they *call for a withdrawal of US* troops from South Korea), strident political terminology such as "mass struggle," and calls for radical economic policies, such as dissolving big business groups, have increasingly found their way into political tracts denouncing the Government.

The students have also criticised the US *calling for an end* to American pressure to open *the South Korean market and* an end for what they say is *US support for "military* dictatorship" in South Korea.

Government analysts have found much in parallel between student political rhetoric and North Korean propaganda, and have concluded that the students are in effect working for North Korea.

On these grounds they have tried and convicted students under the national security law, which was designed to protect the nation from subversion.

The Government says the students are now led by a hardened core of professional revolutionaries.

It is impossible to know how many South Koreans accept the Government's explanation. But in a country in which past Governments have frequently branded opponents Communist, there is clearly a broad residue *of scepticism that is shared by* members of the Kangjin Presbyterian Church.

Many South Koreans say they *disapprove of student violence,* but they are quick to add that they support what they think the students want—democracy, a sentiment clearly expressed in last February's National Assembly elections in South Korea.

People in Kangjin say they want greater control over their lives. Local officials, police and teachers are appointed by bureaucratic superiors who stretch up to the central government in Seoul.

> Local officials, police and teachers are appointed by bureaucratic superiors who stretch up to the central Government in Seoul.

Agricultural co-operatives, farmers complain, are controlled by government policy-makers, and cannot serve as a channel to express farmers' political interests.

This discontent recently boiled over with widespread farmers' protest against the Government when prices declined sharply after the Government encouraged farmers to purchase imported cattle.

There were some suicides, and some farmers *illegally* slaughtered cattle and left the *carcasses on public squares.*

In Kangjin recently, riot police broke up a demonstration of farmers who were dissatisfied with pay for work they did on public works construction.

There is a broad feeling in towns and villages that the little man is suffering in South Korea's current economic slowdown, while the ruling party has passed legislation granting tax relief to insolvent big business.

These attitudes hardly mean that South Korea is about to burst into flames. But they clearly show why the Government is concerned. An opposition *party leader,* Mr Lee Min-Woo recently announced that his party would begin a mass signature campaign to revise the constitution to allow *for direct* election of the President.

The campaign thrusts at the very heart of the Government's *political programme. Even many* government officials admit *privately that the South Korean* people are likely to support the *amendment if the opposition's* campaign is allowed to blossom.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

OVERSEAS NEWS

W. German banks unlikely to support Baker plan

BY JONATHAN CARR IN FRANKFURT

WEST GERMAN banks are unlikely to express support *before next month* for the new plan launched by Mr James Baker, the US Treasury Secretary, to help ease the international debt crisis.

The US had been hoping for pledges of backing by tomorrow *from* Western banks, *and has* already received them from institutions in the US, Britain, Canada and Japan.

But while German banks generally say *they* support the Baker plan "in principle," they want to scrutinise *key* details further before formally agreeing to join in.

Under the US scheme, commercial banks would agree to lend \$20bn (£14.2bn) to the most-indebted states over the next three years, with a similar sum coming from the World Bank and the Inter-American Development Bank.

One outstanding question is how far the Bonn Government may flank new bank lending with help of its own — for example through state-backed *export credit facilities for trade* with the debtor states.

A meeting earlier this month between bankers and the Finance Minister, Mr Gerhard Stoltenberg (who also supports the Baker scheme "in *principle*") *failed to bring* clarity on this issue.

Bankers are also pondering to what extent they could make a contribution to the Baker initiative through concessions on interest payments, rather *than putting up* "fresh money."

While West German bankers say they attach great importance to the US scheme, their *comments also show an* unwillingness to be "steamrollered" into early support.

It is pointed out that West German bank lending to the worst-hit Latin American countries is relatively low (compared above all to that of the US banks) and that big hidden reserves against lending losses have been built up over years.

It is also asked how Mr Baker came up with his particular list of "most needy" countries specially requiring new loans. West German banks would have liked a say in the composition of the list—to include one *or two of their own* special clients.

Bernard Simon in Toronto writes: Canadian banks yesterday cautiously welcomed the Baker proposals.

In a statement the Canadian *Bankers' Association* said that the emphasis that Mr Baker placed on economic growth in these countries as a key element towards solving the debt problem is "particularly welcome."

The banks said that "we intend to play our part on a case-by-case basis, recognising that various institutional and other mechanisms may be necessary for orchestrating the support required from all major participants."

Romania attacks trade call in Congress

By Leslie Colitt in Berlin

ROMANIA HAS criticised *members of the US Congress* who have called for the withdrawal of that country's "most favoured nation" (MFN) trade status because of its *restrictions on emigration* and treatment of religious and ethnic minorities.

A statement was issued by the Romanian Foreign Ministry before the arrival tomorrow in Bucharest of Mr George Shultz, US Secretary of State.

He is expected to express the Administration's support for Romania's MFN status, which is reviewed annually.

Before leaving Washington, Mr Shultz said the East European countries he would visit —Romania, Hungary and Yugoslavia—each *had* their separate identity and were pursuing their own policy.

The Foreign Ministry in Bucharest said Romania's emigration policy was beyond criticism, and said Congress should realise that both countries had different social systems.

The withdrawal of MFN status for Romania was demanded in Congress several *times* in recent years.

Loss of MFN would lead to high US tariffs for Romanian imports and would be a blow to the Government of President *Nicolae* Ceausescu, which is struggling with an energy crisis.

The Soviet News Agency TASS earlier this week attacked Mr Shultz's forthcoming visit to Romania and Hungary as an attempt to "undermine the unity" of the Warsaw Pact nations.

***In* its report on international human rights practices this year, the State Department said Romanians who wished to emigrate faced a *wide variety of* "punitive discouragements."**

However, it noted that 19,000 Romanians emigrated last year to West Germany, *the US and Israel* — the largest number in recent years.

Natural gas to oust oil as dominant Soviet fuel

BY PATRICK COCKBURN IN MOSCOW

SOVIET ENERGY needs will be dominated by natural gas, *largely replacing* crude oil which is in increasingly short supply, the Soviet Gas Industry Minister said yesterday.

Mr Victor Chernomyridin, the Gas Industry Minister, said that the Soviet Union planned to produce between 835bn and 850bn cubic metres of gas a year by 1990. Gas, the star per*former of the Soviet economy* over the last five years, recently passed its target for 1985 with total ouput of 642bn cu metres.

The replacement of oil by gas, *a main theme of Soviet* energy policy over the past five years, has recently become of critical importance because the drop in Soviet oil production *is threatening economic growth* and hard currency exports. This year oil output will be down to 596m tonnes compared to 613m tonnes in 1984.

Mr Mikhail Gorbachev, the Soviet leader, said during the summer that he wanted to stabilise the enormous investment in the energy sector in order to *give priority to re-equipping in*dustry, but the plan for next year shows an increase of 31 per cent in capital investment in oil and 27 per cent in coal. *These extra allocations* appear to indicate alarm that an energy crisis could derail Mr Gorbachev's other economic plans.

His difficulties were under*lined yesterday when the Com*munist Party daily, Pravda, heavily criticised the machine tool and instrument ministry, key to Mr Gorbachev's plans to *upgrade the quality of Soviet* production. Pravda said: "The ministry leadership has not reorganised its work in the spirit of today's priorities and has not *assessed its results self-critically.*"

It is still unclear how the machine tool and machine building ministries plan to absorb the very heavy investment which Mr Gorbachev is allocating to them next year. It appears likely, however, that part of this investment will be *spent on imports of equipment* and plant from abroad.

Mr Mikhail Gorbachev, the Soviet leader, said yesterday that the Soviet Union had completed the dismantling of *installations for new SS-20* missiles deployed in Europe. Mr Gorbachev had pledged earlier that the number of SS-20 missiles was being cut *to 243 and that surplus in*stallations would be dismantled.

Reuter adds: The US has completed the deployment of *108 new Pershing-2 nuclear* missiles in West Germany, the Bonn Government said yesterday. "All Pershing-2s have now been stationed in *line with the 1979 Nato de*cision." a Defence Ministry spokesman said in Bonn.

Sluggish 0.4% growth for US industrial production

BY STEWART FLEMING IN WASHINGTON

SIGNS OF *continued sluggish*ness in the US economy surfaced when the Federal Reserve Board reported a modest 0.4 per cent increase in industrial production in November and the Commerce Department reported that business inventories in October rose 0.5 per cent.

The inventory rise was the largest in 12 months, with most of the gain coming at the retail *level. Many* economists are predicting only moderate retail sales and the build-up in inventories is seen by many to be involuntary.

The Commerce Department also reported a second consecutive sharp jump in wholesale prices for finished goods. The November index rose 0.8 per *cent after a 0.9 per cent* increase in October. Sharply *higher food and energy prices* accounted for the increase, which brought the producer price rise for the year so far to 1.8 per cent. With signs *already appearing that energy* and many food prices have stabilised, and with other producer price components flat, the increase is not generally seen to herald a burst of inflation.

Falling oil prices and interest rates are encouraging many economists to project a better economic climate in 1986. But the evidence that inventories are mounting, production sluggish and retail sales moderate, *is being taken as a sign that* fourth quarter real gross national product will not be significantly stronger than the 3.3 per cent recorded in the *third quarter and may be* weaker.

Guyana President rejects electoral fraud charges

BY CANUTE JAMES IN KINGSTON

PRESIDENT Desmond Hoyte of Guyana yesterday began a new five-year term of office amid continuing criticism of the conduct of Monday's general elections.

The incumbent People's National Congress won 42 of the 53 seats in parliament. The closest contender, Mr Cheddi Jagan's People's Progressive Party (PPP) won eight seats.

Mr Hoyte, *rejecting* widespread allegations of electoral fraud, has promised no change in his Government's Socialist policies during the new presidential term.

Representatives of the PPP said yesterday that they had still not decided whether the party would take up any of the seats it won during the election. Dr Jagan has promised "mass action" to remove the Government, after what he termed a *"massive fraud."*

The charges have been supported by *a statement signed* by eight Guyanese organisations which said they were "disappointed" at the conduct of the election.

The organisations include the Anglican and Roman *Catholic* bishops, the Guyana Human Rights Association, the Bar Association and some trade unions.

"The familiar catalogue of widespread disenfranchisement, multiple voting, ejection *of* polling agents, threats, intimidation, violence and collusion by the police and army personnel characterised the poll," the statement claimed.

The Guyanese Government's refusal to allow foreign observers into the country during the election has drawn criticism from Mr James Mitchell and *Miss Eugenia* Charles, Prime Ministers of St *Vincent* and Dominica, respectively.

With the election out of the way, the President said his administration's priority now was the country's economy. *Guyana,* which depends on exports of bauxite, sugar, rice and gold for most of its foreign earnings, is suffering a shortage of hard currency which has forced the Government to restrict imports.

The economy grew last year by 2 per cent, the first growth in five years.

Despite Mr Hoyte's promise of no change, local bankers report *that the Government is likely to* seek an agreement with the International Monetary Fund in the New Year.

C. America 'backs aid for contras'

By Reginald Dale, US Editor, in Washington

THE REAGAN Administration yesterday claimed to have the support of five *Central American Governments* for increased US aid to the anti-government contra rebels in Nicaragua.

Administration officials said that the five countries had said Washington should *do more* for the contras in secret talks this week with Admiral John Poindexter, President Ronald Reagan's new national security adviser. *Admiral Poindexter briefly* visited Guatemala, El Salvador, Honduras, Costa Rica and Panama on Wednesday and Thursday, they said.

Admiral *Poindexter* was accompanied by Mr Elliott Abrams, *the senior* State Department official dealing with Latin America, who earlier this week said that the Administration favoured renewing military aid to the contras. A final decision would be taken after consultations with Congress, due to start early next month.

Last week, Mr George Shultz, the Secretary of State, said *the* Administration might take "further steps" to help the contras, in addition to the \$27m (£18.8m) they are now receiving in "humanitarian" aid, if public opinion supported the move. He was taken to be referring to military aid. The "humanitarian" aid programme runs out on March 31.

UK NEWS

OFT seeks more power to probe cartels

By David Churchill, Consumer Affairs Correspondent

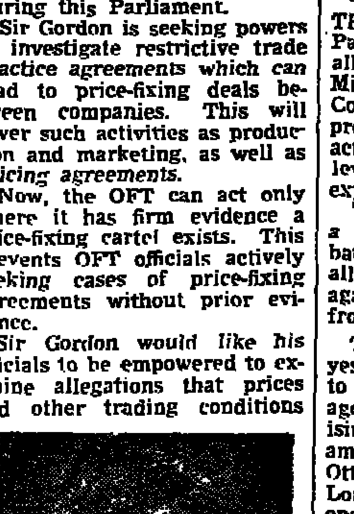
SIR GORDON BORRIE, Director-General of Fair Trading, is *to ask the Government for* further powers to investigate alleged price-fixing cartels in British industry. Yesterday, however, he made clear he saw *no need for significant changes* in policy to cope with the spate of big mergers.

The Office of Fair Trading's case for increased powers will be put to the Government as part of the Trade and Industry Department's review of competition policy. The review is likely to take several months and is not expected to lead to significant changes in merger policy during this Parliament.

Sir Gordon is seeking powers to investigate restrictive trade *practice agreements* which *can* lead to price-fixing deals between companies. This will cover such activities as production and marketing, as well as *pricing agreements.*

Now, the OFT can act only where it has firm evidence a price-fixing cartel exists. This prevents OFT officials actively *seeking* cases of price-fixing agreements without prior evidence.

Sir Gordon would *like* his officials to be empowered to examine allegations that prices and other trading conditions are determined not by market *forces* but by agreement between leading companies in a particular sector.



Sir Gordon Borrie: *approach to Government*

Such powers have not previously been given to the OFT because *of fears they would* lead to excessive interference with companies.

Sir Gordon was speaking yesterday on publication of an OFT guide to procedures governing merger policy in Britain. This policy has been criticised in recent years as *inconsistent* and causing uncertainty among British companies seeking to expand by acquisition.

However, Sir Gordon made *clear yesterday that* "anyone seeking perfect predictability from merger policy is going to be disappointed." He said that while the main reason for re*ferring mergers was grounds of* competition, other factors affecting the public interest arose.

The latest case was the bid for Allied-Lyons by the Elders *IXL group of Australia. This* raised new issues relating to the way the bid was financed.

Mergers: Office of Fair Trading; HMSO; £2.50.

New car sales beat the record

By Kenneth Gooding, **Motor Industry Correspondent**

NEW CAR sales for 1985 will today pass the record 1,791,699 set in 1983, when the introduction of the A prefix to number plates boosted demand.

Until a few days ago, there was doubt whether the record would be beaten. Then Ford dealers turned on the pressure and made it clear the company intended to finish the year strongly.

In the first 10 days of December, Ford accounted for 31.66 per cent of total sales, or 30,167 — 12 per cent ahead of the 26,933 for the same period of last year.

It left the year's registrations only 7,862 behind those for 1983, *according to the Society of* Motor Manufacturers and Traders.

With another full week to go before Christmas, new car sales could rise as much as 1 per cent above the record. At the start *of the year they were forecast* to fall slightly from the 1.749m for 1984. However, the price war, involving dealer incentive schemes, special bonuses and low-cost finance for customers, continued at unexpectedly *ferocious levels.*

EEC meeting on tin crisis

By Stefan Wagstyl

THE EEC COUNTRIES are considering proposals which would help pave the way to a negotiated settlement of the crisis that has crippled the tin market for nearly two months.

A meeting in Brussels of national ambassadors to the EEC was due last night to debate plans to back formation by the International Tin Council of a working group to negotiate with its creditors.

Prosecutions loom over Howden

BY JOHN MOORE, CITY CORRESPONDENT

THE Director of Public Prosecutions is poised to authorise prosecutions against those involved in one of the worst cases *of alleged financial irregularities* in the Lloyd's insurance market.

At least one individual involved in the Alexander Howden *affair has received indica*tions from the DPP's office that he is to be prosecuted. It has been alleged at Lloyd's that \$5m was misappropriated from Howden *insurance interests* and its Lloyd's insurance syndicates *by former executives.*

The move comes as pressure is growing in Parliament and in the City for action from the DPP over the problems at Lloyd's.

Yesterday, Mr Brian Sedge*more,* Labour MP for Hackney South and Shoreditch, who has made sweeping allegations in Parliament about malpractice in the Lloyd's insurance market, met Mr *Bill Beckett, solicitor* to the Corporation of Lloyd's.

Mr Beckett told Mr Sedgemoor that the allegations he had made in Parliament centred on cases which pre-dated a big reform programme started under *Lloyd's legislation of* 1982. He asked Mr Sedgemoor to provide evidence to Lloyd's of any new problems which emerged which would be investigated by market *officials.*

Meanwhile, it emerged that Mr Sedgemore had *received* an appeal from the head of the City of London Fraud Squad about the Johnson Matthey Bank investigation.

*Detective Chief Super*intendent Gerald Squires told Mr Sedgemore in a letter that his continuing campaign in Parliament could compromise the progress of the investigation.

"It is a constant *fear* of fraud investigators that vital evidence will be destroyed before they can get to it," he wrote. "Another fear is that witnesses *and suspects will choose to* remove themselves, whether temporarily or permanently, out of the jurisdiction, so that when the time is right for us to see them, they are no longer available."

He asked Mr Sedgemore to consider carefully the consequences to the police inquiry of publicity. Potential witnesses might be pestered and scared off by the press, *he said.* Evidence could be tainted by embellishments" and officers diverted from high priority inquiries.

Court halts Militant expulsions

BY KEVIN BROWN

TEN MEMBERS of the Labour Party facing expulsion for alleged connections with the Militant Tendency won a High Court order yesterday halting proceedings against them. The action was the first constituency-level legal challenge to the expulsions of Militants.

The action is likely to mark *a new chapter* in Labour's battle with the Tendency as alleged Militants fight back against attempts to purge them from the party.

The members involved in yesterday's case are understood to have been accused by Stevenage constituency party of organising on behalf of Militant among its members. Mr Justice Otton, sitting in private in London, ordered the constituency party not to expel them until it had exhausted the proper procedures.

There was no comment from the alleged Militants after the hearing, but Mrs Margaret Eddlestone, their lawyer, said they considered they had been *unfairly treated* and *had* not been given the opportunity to be heard.

She added *that the 10 had* issued a writ for damages against Stevenage party. A constituency party meeting due to discuss the issue last night had been cancelled.

She said the party faces a long procedural wrangle if the expulsions are to go ahead, since the alleged Militants still *have the right of appeal to* Labour's national executive committee, which would probably order an inquiry by the regional agent.

This could cause the party serious electoral difficulties if the row is still going on when the next general election is called. Labour came a poor third *locally behind the SDP-Liberal* Alliance in the 1983 election.

Further constituency-level expulsions are thought to be imminent or under way in several other constituencies, *including some in Bristol,* Cardiff, Wales and the north-east.

Left-wingers trying to monitor the expulsions claim *they are part of a campaign by* the centre and right in the party to weaken the left.

Unlike the five members of the editorial board of the Militant newspaper expelled by the National Executive Committee in 1982, *members expelled at* local level have no right of appeal to the party conference, which is dominated by the left.

The Stevenage case is certain *to encourage local parties to* make absolutely certain that the party rule book is followed closely in future. It is unlikely to have any implications for *the inquiry being conducted* by the NEC into the Militant-dominated Liverpool district party.

Appeal cost dilemma for rebel councillors

By Nick Bunker

LIVERPOOL Labour councillors are facing severe difficulties in raising an estimated £100,000 to pay for their *High Court* appeal against surcharge and disqualification from office by the local district auditor.

Only £7,000 has so far been contributed to *a legal defence* fund set up on behalf of the 48 city council members threatened with surcharge, Mr John Hamilton, the council's Labour leader, said last night.

Abandonment or dismissal of the appeal, due to be presented in the High Court on January 13, would lead to the automatic disqualification from office for five years of all 48.

They would have to pay between them £106,000 in surcharges, imposed by the district auditor following Liverpool's two-and-a-half month delay in *setting a rate* for 1985-86.

The auditor claimed that the delay, part of Liverpool's political campaign for more government grant aid, led to losses of *ratepayers'* cash. Under the 1982 Local Government Finance Act district auditors can take action against individual councillors if such losses arise from "wilful *misconduct.*"

Mr Hamilton said that the £100,000 was needed to pay for initial costs of preparing the councillors' case, and for repre*sentation* by a Queen's Counsel during the High Court hearing which is expected to last up to a fortnight.

"We have to find the money *within* the next few weeks. If not we will be left high and dry," he added.

The £7,000 so far contributed to the defence fund has already *been spent. It included* a £3,000 donation from the Labour Party's National Executive

One factor worsening the Liverpool councillors' plight was the failure of attempts by the Association of Metropolitan Authorities to secure financial support for their legal battle from other Labour councils.

Treasury view attacked

By Our Political Editor

THE TREASURY's views on long-term public borrowing trends were challenged yesterday by Mr Tony Blair, a Labour *Treasury spokesman,* who alleged the Government was behaving "in a grossly irresponsible manner."

During Thursday's Commons debate on the economy, *Mr* Nigel Lawson, the Chancellor, said that "when at the end of the day, some time in the 1990s, the privatisation programme *comes to a successful conclu*sion, with the vast bulk of what was once the state sector of industry safely in the free enterprise sector, it may well be *right to permit an offsetting* increase in public borrowing. But it will, by then, be an increase from an extremely low level."

Opinion poll shows main political parties level

BY PETER RIDDELL, POLITICAL EDITOR

THE MAIN political parties are level in the latest opinion poll, the Liberal/SDP alliance having recovered from a setback that followed the party conferences in the autumn.

A Gallup survey in the Daily Telegraph today shows the Conservatives with support of 33 per cent of voters, with Labour and the alliance at 32.5 per cent each. This compares with *29.5 per cent for the alliance* in November and shows both the other parties having slipped back slightly.

However, other recent polls *have put the Tories and Labour* neck-and-neck, with the alliance third and in the 25-30 per cent range.

Gallup has recorded sharp *fluctuations in support for the* alliance this autumn, but points to some changes in various underlying trends during the past month. For instance, approval for Mr Neil Kinnock as Labour leader has slipped after the rise that stemmed from his successful conference performances. It is still higher than in the summer, however.

By contrast, approval of the Government and of Mrs Margaret Thatcher have risen in the past two months, and the Tories also score highly in attitudes towards clarity of policies.

The Gallup survey was conducted on December 4-9 among 959 voters.

Mr David Steel, the Liberal *leader, said last night that,* although one poll did not make a trend, it was clear that the three-horse race of British politics was still neck-and-neck.

The *alliance announced* yesterday that it had gained six more local government seats, all from the Tories, in by-elections on Thursday.

Bond dealers adopt reform

BY MAGGIE URRY

THE Association of International Bond Dealers has passed a reform package which *should make the body better* able to respond to increasingly rapid changes in the market. The association is also looking at the possibility of an auto*mated trading system and* at changes to its abritration procedures.

At an extraordinary general meeting in London yesterday delegates voted unanimously for a set of detailed changes to the association's statutes, following the agreement in principle at the annual meeting in *May to give the board greater* powers.

The AIBD board will now be able to make and change rules and recommendations, subject to a veto from the annual meeting. The system of electing board members has also been altered to improve the representative nature of the board.

Mr Damien Wigny, chairman of the association who is retiring from the board in May, *said that following* the vote "the AIBD is in a much better position to cope with the undoubted challenges." He referred to the rapid deregulation of financial markets allied to the increasing concern about investor protection, for example, in the UK market.

The association was involved in setting up the International Securities Regulatory Organisation which is expected to be the self-regulatory body for the Eurobond and international equity markets under the *in*vestor protection legislation soon to be put before Parliament.

Mr Wigny also told delegates that the board had decided to look into a screen trading system similar to that developed in the US for trading over-the-counter equities, called the National Association of Securities Dealers Automated Quotation system.

A study for a system, preliminary called Computer *Assisted Quotation and Trading* System, will be completed by September 1986. After that a trial of the system could be set up. The hope is that an automated *system could relieve* traders of the time-consuming and unprofitable business of quoting prices and dealing in small lots.

The meeting was also asked to agree that the board should put proposals to the annual meeting in May next year to change the statute covering arbitration procedures. Last year the arbitration provisions were first used *to settle a dis*pute between members. It had been found that the procedure was lengthy and expensive in lawyers' fees.

Dounreay spent fuel link public inquiry postponed

BY DAVID FISHLOCK, SCIENCE EDITOR

PROPONENTS of the £200m European nuclear fuel reprocessing plant at Dounreay in northern Scotland have an ex*tra seven weeks* in which to sharpen their case for the transport of spent nuclear fuel to the site.

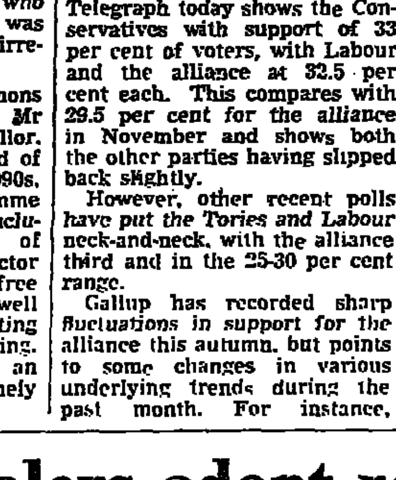
Mr Alexander Bell, reporter *(Scottish equivalent of inspec*tor) at the public inquiry into the plans of the UK Atomic Energy Authority and British Nuclear Fuels, has post poned the inquiry from mid-February until April 7.

He held a preliminary inquiry at Thurso town hall, Caithness, to try to establish guidelines for the local planning inquiry next year.

The weakest part of the 117-page environmental impact *assessment produced* by the proponents relates to transport of spent fuel to the site. The fuel, from several reactors in Europe, would reach Scotland by sea *in 90-tonne casks.*

But the opponents want it to enter the site by rail, to avoid interference with the coast road to Dounreay.

They identify possible rail links from the coast, but say only that the preferred option would be a *new connection,* 11.6 miles long and terminating at the east end of the site, as the map shows.



The route would require a new sea terminal *at Invergordon,* 74.5 miles away, similar to that at Barrow, in Cumbria, which handles spent fuel from abroad destined for the Sella*field reprocessing factory.*

Gilt market surprised by 'taplet' issue

By Alexander Nicoll

THE GOVERNMENT yesterday announced four small "taplet" *issues of stock totalling £600m,* surprising the gilt-edged market at the end of a week in which prices had been particularly volatile.

The news contributed to a modest decline of government *bond prices, after they had* recovered in the second half of the week from earlier sharp falls. These had been due to worries about sterling after the Organisation of Petroleum Exporting Countries' meeting *and the ensuing drop in spot oil* prices.

Traders' reasoned that the Government wished to get some debt sales out of the way before the Christmas lull and possible pressures on the gilt market in *the first quarter of 1986.*

The new issues have been taken on to the Bank of England's books and will be sold by the Government Broker as *tap stocks. They are each addi*tions of £150m to existing issues: the 10 per cent due 1992, 10¼ per cent 1997, 9¾ per cent conversion due 2001 and 9½ per cent conversion 2004.

Blue Sky name likely for Rank

By Arthur Sandles

THE RANK Organisation is expected to acquire the name and goodwill of Blue Sky, British Caledonian's tour operator subsidiary, within the next few days.

Another likely takeover is Hogg Robinson's acquisition of *most of Exchange Travel's* wholly-owned retail outlets. This would have Exchange as largely a franchise business and mean that Hogg Robinson had *increased its travel agency* chain to more than 200 branches from about 170.

One of its rivals, Co-op Travel, has revealed plans for a substantial increase in size. The subsidiary of the Co-operative Wholesale Society has been talking with various independent agents with a view to a near doubling of the number of its retail outlets, from 55.

British *Caledonian's plans* to sell loss-making Blue Sky as a going concern appear to have broken down. It had been close to a deal which would have transferred *the operation,* with its sister company Arrowsmith, to the Horizon group.

BCal has turned to Horizon's rival bidder, Rank, which already owns Wings, OSL and Butlins, and has reservations and *administrative capacity it* would like to use.

The Rank deal, if confirmed, might mean redundancies at Blue Sky's Sussex headquarters.

Advisers to R-R

SAMUEL MONTAGU & Co Ltd have been appointed as merchant bank advisers to the Government on the privatisation of Rolls-Royce.

European Court

A HEADLINE in the FT of December 11, 1985 wrongly stated that the European Court of Justice had upheld the UK's North Sea oil export policy. It should have made clear that this was an opinion delivered by one of the court's advocates-general — that the policy was not unlawful under community law — and was not a court judgment.

David Churchill reports on a US retailer's efforts to revolutionise the British toy trade

Challenger to fill the children's Christmas stockings

WITH ONLY nine full shopping days left before Christmas, Britain's toy trade is striving to *meet a last-minute surge in* demand for items such as robot transformers selling for £14 or more, making this a record sales year.

But the main battle is still to come. This will be spearheaded by the US toy discount chain, Toys "R" Us, which threatens to revolutionise British toy retailing.

Toys "R" Us plans to do for toys what Tecso did for food. Pile *them high*—sell them toys what Tesco did for food. is being adopted with a vengeance for this brash newcomer to Britain.

Toys "R" Us in the past few weeks has opened five toy superstores—*retail outlets* each taking a one-acre site with up to 45,000 sq ft of selling space, with half a million toys and children's products stacked from floor to ceiling in a style more akin to do-it-yourself warehouses than *traditional toy* shops.

The company plans to open several more stores in the next year, depending on its finding *the right sites*, and eventually plans a national chain.

In the US, the company already has 200 such superstores and has 14 per cent of the national toy market. Machine 24 —? Robinson

But the advent of Toys 'R' Us in the UK market is not likely to go *unchallenged*. British retailers are waking up to the fact that, although the indigenous toy-manufacturing industry has been virtually wiped out during the past five years, the demand for toys—usually made in the Far East — is growing rapidly.

Leading the way towards fending off the American challenge is Ward White, the rapidly growing conglomerate whose interests include the Halfords chain. Ward White has just completed *the £19m takeover of* Maynards, whose assets include the Zodiac chain of 83 toy shops, which Ward White plans to expand.

Other potential combatants include the Burton Group, which acquired the Hamley's toy shop in London along with its takeover of the Debenhams department stores during the summer.

During the takeover fight, Mr Ralph Halpern, the Burton's chairman, made clear that he felt the Hamleys potential was not being fully exploited in the face of competition from the likes of Toys 'R' Us. He suggested that a rival Hamleys toy chain could be set up.


Hugh Routledge

Toy sellers are facing a last-minute surge in demand.

Although Burton is being coy about its exact plans for Hamleys, there are already three Hamleys besides the famous one in London's Regent Street — at Bath, Croydon and Birmingham —and many of the Debenhams *stores may well include Hamleys* shops-within-shops.

Woolworth's, which is Britain's biggest toy retailer by *virtue of having more than 800* stores selling toys, may also become more aggressive. It is experimenting with special toy departments in its newer stores and could extend these.

The potential prize which all *these retailers are chasing* is a share of the UK toy market, which is expected to top £1bn at retail prices this year for *the first time. Not only* are higher-priced toys giving some retailers growth rates of 20 per cent or more this year, in comparison with last Christmas, but *there is also a feeling* that the overall toy market may be ripe for expansion.

The decline in the birth rate during the 1970s has been arrested and a steady growth into the 1990s is forecast. Sales of pre-school toys have started to benefit from this upswing but the main effect for the toy trade *will not be felt* until the late 1980s.

Toys 'R' Us also believes the time is right to bring modern retailing techniques to the toys *sector. "We found in the US* that our style of retailing, and the fact that we offered a large range all year round, helped the market achieve real growth," says Mr David Rurka, managing director of Toys 'R' Us *in the UK.* The company hopes the US experience will *be repeated in the UK.*

Toys 'R' Us has been one of the successes of dynamic retailing during the past decade. It was founded in 1948 by its current chairman and chief executive, Mr Charles Lazarus, who *transformed his father's cycle* shop into a children's furniture store.

Other retailers' reluctance to *stock toys all year, because of* seasonal demand, led Mr Lazarus to switch from furniture to toys and, by 1958, he had developed supermarket *retailing of toys.*

"We have become the dominant force in our sector in *North America* because we have, single-handed, established a 12-month toy buying season. The greatest sin for one of our buyers is to be out of stock of an item. We want the consumer to have the choice from the largest range available," says Mr Rurka.

Each Toys 'R' Us store in Britain and the US follows one formula: bright lighting, wide aisles, and fast check-outs. *Computerised distribution* in the UK comes from a 150,000 sq ft warehouse at Reading.

Apart from toys and games, the store stocks children's furniture, bicycles, nappies and clothing. "We offer one-stop shopping for children's needs in a superstore environment," adds *Mr Rurka.*

This wide range will compensate for any initial downturn *in toy sales after Christmas*, caused by British consumers' *traditional reluctance to buy* toys other than during the last six weeks before Christmas, he believes.

Civil Service unions may be blocked on political funds drive

BY DAVID BRINDLE AND KEVIN BROWN

THE GOVERNMENT may use legislation to head off moves by Civil Service unions to set up political funds.

Ministers are considering clarifying the trade union acts *of 1913* and 1984 to make clear that unions can use their *general funds to finance all* but strictly party political activities.

Such a move would *undermine campaigns being mounted* by three Civil Service unions to establish political funds because of the alleged vagueness of the legislation as it stands. One union leader admitted yesterday: "It would put us in great *difficulty.*"

The Government is increasingly anxious about the prospect of the Inland Revenue Staff Federation, the Civil Service *Union* and the *Civil and Public* Services Association setting up political funds, which it would regard as the first stage of a drift towards the Labour Party.

Ministers are believed to be *preparing propaganda drives to* try to dissuade civil servants from going along with their unions' plans. In addition, the IRSF — which would be the first union to ballot its members —has yet to be granted facilities for the exercise by the Inland Revenue.

However, ministers have apparently ruled out the idea of imposing statutory *restrictions* on political activity by Civil Service unions for *fear of provoking a repeat* of the furore which greeted withdrawal of union rights at *Government* Communications Headquarters.

The question of what is "political" activity *has become* something of a grey area since the passage into law *of the* 1984 Act. Public sector unions believe the courts could interpret *the* legislation so as to outlaw spending from general funds on campaigns against the Government, as employer.

The key section *of the* Act defines as a "political object" the spending of money on " . . the *production*, publication or distribution of any literature, document, *film*, sound recording or advertisement, the main purpose of which is to *persuade* people to vote for a political party or candidate or to *persuade* them not to vote for a political party or candidate."

Union leaders said yesterday that suggestions of fresh legislation showed *the Government* to be highly nervous of hostility towards it among civil servants.

Appeal on benefits quashed

By Raymond Hughes, Law Courts Correspondent

MR NORMAN FOWLER, the Social Services Secretary, has lost his appeal against a High Court *ruling that limits he* had imposed on lodgings benefits to young unemployed people were illegal.

Three Court of Appeal judges agreed yesterday that Mr Fowler had exceeded his powers when he introduced regulations to limit the supplementary benefit payable to unemployed people, aged 16 to 25, living in bed and breakfast accommodation. The minister had stipulated the extent and *locations of* the stays.

The rules — part of the 1985 Supplementary Benefits Regulations — stemmed from the 1976 Supplementary Benefits Act.

The judges said that the Act *gave the minister power to deal* with individual claims, but not to regulate for general application, without Parliament's approval.

The court refused to hold that the 1985 regulations as a whole were invalid.

Since the High Court's decision last July, Mr Fowler has amended the regulations.

Later yesterday, the London Borough *of Camden was given* leave by the High Court to challenge the new regulations, which took effect on November 25.

City groups back Ellerman Lines buyout

BY ANDREW FISHER, SHIPPING CORRESPONDENT

ELLERMAN LINES, the container shipping company, has been bought from *hoteliers Mr* David Barclay and Mr Frederick Barclay by its executive directors in a deal backed by City institutions.

With a fleet of 18 fully and partly-owned vessels, Ellerman *is one of the leading UK* companies in the industry and last year returned to profits after a period of losses. It is planned to bring the company to the stock *market in a few years.*

No price was given for the purchase, made by a new company called Endobrand which is owned by the five executive *board members of Ellerman* Lines and a consortium of 10 *UK institutions led by Charter*house Development. However, the price is believed to exceed £10m.

The deal excludes the South *African cargo agency and cold* storage operations, though Ellerman remains on shipping routes to South Africa. It also trades to East Africa, the Gulf, *Mediterranean, Australia and* the Far East.

The South African operations were left out because of institutions' caution over direct invest*ment there. Mr Anthony Cooke*, chairman of Ellerman Lines, said the purchase would not have gone through if the Barclay brothers had not agreed to *keep* the South African interests.

The Barclays bought the Ellerman group, including the J.W. Cameron and Tollemache and Cobbold breweries in 1983 for about £47m. Before that, *Ellerman was mainly owned by* two charitable trusts set up by Sir John Ellerman.

Last year the shipping company made net profits of £3m *after losses of £1.7m* in 1983, both figures including the South *African interests.* For 1985 profits should be better, said Mr Cooke.

Next year will be harder, however, as a result of the *large number of ships coming* onto the market and depressing the freight rates. "We are not expecting profits to dip sharply, as we have taken energetic measures to reduce costs," said Mr Cooke. "It's going to be a *very difficult year.*"

Apart from Charterhouse, the institutions in the deal are Electra Investment Trust, Barclays Development, Midland *Bank Equity, Equity Capital* for Industry, Investors in Industry (3i), Gresham Trust, Noble Grossart, Kleinwort Benson, and Lloyds Development Capital.

The Ellerman Lines' directors will be able to double their shareholdings in the company over the next five years, but they will never exceed 50 per cent. Mr Cooke declined to *specify their initial equity* stake.

He said Ellerman Lines had "a very soid *financia struc*ture" and was not highly *geared.* "*David and Frederick* Barclay handed it on in very good shape."

The shipping company will not be brought to the stock *market until it has shown* how it can come through the next few difficult years, said Mr Edward Cox, chairman of Charterhouse Development.

A flotation had been discussed ever since the death of *the reclusive* Sir John Ellerman. But losses had prevented this before the Barclay brothers made their purchase.

Sir John, whose chief *interests were rodents and* Gilbert and Sullivan operettas, *left* a £53m fortune on his death, but no heirs. His widow, who became the Hon Mrs George Borwick and died last March, was a trustee of *the two charities and owned* the rest of the shares through a Luxembourg company.

Builders' hopes for land dashed

By Joan Gray, Construction Correspondent

MR KENNETH BAKER, the *Environment Secretary, has* dashed housebuilders' hopes *that* more land might be made available.

Speaking to the House*builders' Federation* yesterday, he warned that their attempts to have more land made available for building in the countryside only *encouraged resistance.* They should turn to small in-fill sites and to the inner cities, he said.

"Your demands for more land cause exaggerated alarm. You're not winning *friends.* New *house-building* is often seen as a blot on the landscape, despoiling the countryside for profit.

"People tell me to call a halt to it, especially in the south-east, and neither local *nor central government* can ignore the groundswell of opinion against the scale of development of the recent past," the minister said.

Housebuilders must change the image of new house*building. They must* put themselves in the position of protesters, who write to their MPs because they are concerned about what plans for "*huge estates and concrete jungles*" would do to their villages and towns, Mr Baker added.

"There is no longer a *demand for huge estates.*" Builders should concentrate on *small sites which would* improve community facilities.

There was enough greenfield land for the current rate of house building to continue. *All the main planning authori*ties had enough land, with planning permission available, to provide sufficient sites for two years, and 38 had enough for four years, he said.

Builders are worried *because a shortage of clear* land means that the price of a site accounts for up to 40 per cent of the price of a house in the South-east.

Mr Baker *welcomed* the federation's proposal to commission an independent study of the financial marketing and legislative constraints on inner-city building.

Seamen change rules to comply with union laws

BY DAVID THOMAS, LABOUR STAFF

THE National Union of Seamen is to change the rules about *its most senior officials, so as* to comply with the 1984 Trade Union Act.

The act says that all voting members of a union's executive council must be elected by secret ballot at least every five years.

Mr Jim Slater, the union *general secretary,* has a vote on the executive council, as does the assistant general secretary.

The union is opposed on *principle to having to re-elect* its officials, so the executive will propose to the union conference next year that the general secretary and assistant general secretary shall lose their votes on the executive *council.*

This would stop the union falling foul of the act.

For similar reasons, the chairman of the union's executive *council is to give up his* right to a casting vote.

The decision is significant because the union is led by left-wingers. Next week, the *giant Transport and General* Workers Union will meet to consider bringing its rules on election of the executive into line with the act.

● All Townsend Thoresen ferry sailings out of Dover to France *and Belgium were disrupted* yesterday by an industrial dis*pute* with the NUS over arrangements for increased services. The company advised all passengers on its Dover services to make alternative *arrangements.*

Severn Bridge toll ruling appeal possible

By Kevin Brown

THE GOVERNMENT may consider an appeal against a High Court ruling that an increase in tolls on the Severn Bridge was unlawful, Mrs Lynda Chalker, *the Transport Minister, told* the Commons yesterday.

Traffic had been allowed to cross the bridge free yesterday while mechanical changes were *made to toll booths reducing* the charge from 50p to 20p.

This was the level in force before the High Court ruled that the inspector at a public inquiry into the increase had failed to evaluate relevant evidence.

Mrs Chalker said a transcript of the judgment, which was *delivered on Thursday morning,* would not be available for 10 *days. An appeal would be* considered when the transcript had been studied.

She said the irregularities at the inquiry were the reponsibility of the inspector. Mr Nicholas Ridley, the Transport Secretary would not have gone ahead with the increase unless he thought it was reasonable, she said.

Mrs Chalker said the Govern*ment did not like the situation* in which it had been placed. "*Nobody is prepared where it* is avoidable to let it happen again," she said.

There were angry protests by Opposition MPs about Mr *Ridley's failure to come to the* Commons to explain the Government's position himself.

Welsh television channel to stay

By Raymond Snoddy

THE GOVERNMENT has decided that the fourth tele*vision channel in* Wales, S4C, is to continue.

Mr Douglas Hurd, the Home Secretary, said in a Commons written answer yesterday that the present arrangements for the channel were "in the best *interests of Wales and the* Welsh language."

Parliament decided in 1980 that Welsh-language programmes should be concentrated on one television channel.

A review of the *system* was ordered in August. Broadcasting organisations said through the review that the Welsh channel should continue.

Its top programmes in the Welsh language attract about 65,000 viewers.

In 1986-87 the channel will receive a subscription of £31.9m. It has 20 per cent of the overall Channel 4 subscription, which has been set at *17 per cent of* the net advertising revenue of the ITV companies.

Societies lend record £2.66bn

BY CLIVE WOLMAN

BUILDING SOCIETY lending rose in November to a monthly record of £2.66bn as house price increases accelerated, according *to figures issued yesterday* by the Building Societies Association.

Since mortgage interest rates were cut in September gross lending rose from £2.13bn in that month to £2.51bn in October. *The total building society* lending in the first 11 months of this year was £23.75bn, compared with £22.24bn in the corresponding period last year.

Net new commitments made by societies to provide mortgages *tailed off slightly last* month from £2.83bn in October to £2.74bn, indicating a dip in mortgage advances this month and next.

The buoyant demand for home finance from societies, in *spite of competition from* banks and other institutions, is *reflected in accelerating house* prices.

The association's figures, based on *a sample covering* 80 per cent to 85 per cent of build*ing society mortgage approval,* suggests the average house price rose by *11.3* per cent, to £34,880, in the 12 months to October. By contrast, in the 12 months to July the figures suggested an average house *price rise of 3.3* per cent.

Last month's inflow of funds to the societies, although down on October, was more than adequate to fund the rising mortgage demand. The societies' net receipts from individual savers fell from £796m in October to £638m. Receipts usually *fall off in November with the* approach of Christmas.

A further £433m net of repayments was raised from the wholesale money markets last *month, the second highest* monthly figure after the £631m net inflow in October. The main contributory factor was two large issues of Eurobonds.

The societies were able to tap the Eurobond market for the first time *in October* as a result of their new freedom to pay interest free of tax.

Flexibility urged over working week

BY DAVID THOMAS, LABOUR STAFF

THE STANDARD working week is increasingly outmoded in *manufacturing industry.* Dr James McFarlane, director general of the Engineering Employers' Federation, said yesterday. Much greater flexibility was needed in working time arrangements to meet fluc*tuations in demand.*

Dr McFarlane told industrial journalists in London: "The whole idea of a standard working week, year-in, year-out, begins to look outdated."

He said that more part-time *working and more flexible shift* systems were needed in manufacturing.

Social security regulations might have to be changed so *that people could spend part of* their time working and part of their time on the dole.

He estimated that in future as many as a quarter of workers in manufacturing industry might be part-time. The alter*native to this was "an elite of* people who have full-time jobs and a shabby sub-culture who will have no jobs at all."

A joint working party of the engineering employers and unions has been looking at more *flexible working and shorter* working hours for more than a year.

The working party had not made quicker progress because the ideas being discussed were novel. He expected an outcome *within* the next year.

He criticised the trade unions for defending the idea of a standard working week. It was "a fixation with most trade union negotiators, though not I believe with all their members."

Those companies which had introduced a working year concept, under which employees work *more hours during* busy seasons and less in slacker periods, were commended.

Grim choice facing TUC on ballot cash

John Lloyd reports on prospects after the electricians' vote on state funds

"OUR MEMBERS are just like any other union's members," said *Mr Eric Hammond*, secretary of the electricians' union EEPTU, yesterday. "The only difference is they've been given a choice."

The *issues of choice, of how* union members choose their leaderships and their policies, of the relationship between unions and the TUC, have all been pushed into the open once more after the electricians' union announced a *sweeping* 9—1 vote for taking state aid for ballots.

It is another inexorable step along a route chartered by the *engineers and the electricians.* It is another step toward that point, which must at some time be reached, where the trade union movement decides that fidelity to a collective decision to defy the Government's *employment laws must* be retained even at the cost of suspending two great craft unions with some 1.4m members

Otherwise, it must renounce the position as untenable.

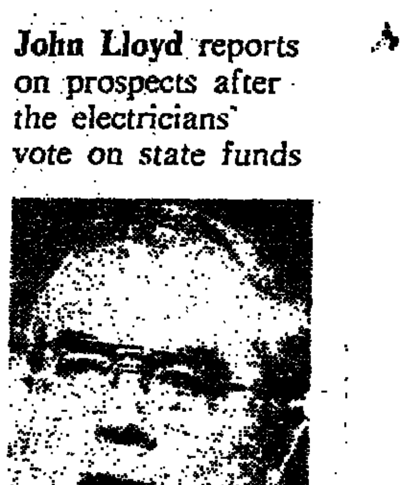
The Wembley principles—the increasingly ramshackle set of resolutions adopted in 1982 at the high point of the unions' anti-Thatcher militant period —*proscribed two things,* receipts of state aid for ballots and participation in ballots on closed shops.

Nearly 100 instances are know of the latter. The difference there is that none was said to be done with the encouragement or acquiescence of the governing body of the union concerned, though there are no recorded examples of the local *officials who took part* in such ballots being disciplined.

The former has been actually breached by the engineers and the electricians. But unions *such* as the airline pilots, colliery managers, engineering managers and others have de*cided* they will take state aid when they hold ballots.

Can it hold? The issue is running on two tracks. On the first are the electricians and the *engineers. The former's decision* to take the money does not immediately put them in the dock. The TUC has laid down rules for disciplining unions, *and they work very slowly:* the electricians are some months away from crunch in normal circumstances.

The engineers, who announce *their ballot on state aid next* Thursday, the day after the last General Council meeting of the year, have, under the terms of the compromise reached at the *Trades Union Congress in* September, no such leeway. If the decision is to take the money, and it will be, and if they do not draw back (they will not), *then they are forthwith sus*pended.



Eric Hammond: "No compromise available."

The second track is seen as the possible "helpful" compromise. Next Tuesday at the Employment Policy Committee (*Epoc*) *Mr Norman Willis,* TUC general secretary, and Mr Roy Grantham, general secretary of the white-collar union Apex and chairman of Epoc, will push for *a conference, probably January* or February to review the Wembley decisions.

Some hope that *if the out*come of that conference is *for changing the stance,* then any punishment for the two errant unions will be quietly dropped.

On the same *track are other* ideas that the TUC might *decide to* press for a system of freepost for ballots, or, as both Mr Hammond and Mr Neil Kinnock, *the Labour Leader,* have suggested, a TUC ballot department to oversee ballots.

But that may *not work.* The adherence of the engineers, and behind them the electricians, to TUC policy is a separate *matter* from the position on the law, as *both unions acknowledge* and as most senior General Council figures admit.

Since the vote by *the engineers* will not be announced *until after next week's* general Council, it is likely that the issue will be shelved until after *the holiday period.*

But a grim New Year awaits union leaders after it.

Either of the two choices they have, collapse or suspension, is *dreadfully hard.* It is a measure of the TUC's present disarray that the matter should have been allowed to reach this stage, where damage will result whatever road is taken.

ECONOMIC DIARY

TODAY: Mr George Shultz, US Secretary of State, visits West Germany.

TOMORROW: Department for *National Savings' monthly* report (November).

MONDAY: EEC Foreign Affairs and Fisheries Councils meet in Brussels (until December 17). Index of output for the production industries (October). CBI monthly *trends inquiry* (October).

TUESDAY: *EEC Economic* and Social Committee in plenary session in Brussels (until December 19). Public sector borrowing requirement (November).

WEDNESDAY: Average earnings *indices* (*October-provisional*); employment, hours and unit wage costs. New construction orders (October-provisional). International Tin Coun*cil emergency meeting resumes.*

THURSDAY: OECD half-yearly outlook published. CBI/FT survey of distributive trades end-November). London sterling certificates of deposit (November). UK bank assets and liabili*ties and the money stock* (*mid*-November). UK banking statistics (third quarter). *Financing* of CGBR (third quarter). Money stock (third quarter). EEC Agriculture Council meets in Brussels. Government publishes *Financial* Services Bill.

FRIDAY: GDP (third quarter—*provisional*). *Cyclical indicators* for the UK economy (November). Sales and orders in the engineering industries (September). Balance of payments current account and overseas trade figures (November). EEC Culture Council meets in Brussels. EEC Standing Committee on *Employment meets in Brussels.*

APPOINTMENTS

Harris Queensway reorganises management structure

HARRIS QUEENSWAY has made changes in the management structure of its retail operations from *January 27.* Mr Stephen Fearnley will join the board. He is chairman and founder of the Poundstretcher Group which has been part of *Harris Queensway since* 1981. The retail operations will be organised in four divisions based on the four main product groups. Each will be the management responsibility of a main board director as divisional chief executive. *The four divisions* are: furniture, Mr Kingsley Elton; carpets, Mr *David* Stockwell; electricals, Mr Tony Behar; and household and textiles, Mr Fearnley.

*

Mr Fred Crawley, deputy *chief* executive of LLOYDS BANK, is to become chairman of Black Horse Agencies, the Bank's estate agency subsidiary, from *January 1.* He *succeeds* Mr Douglas Smith, who is retiring.

*

Mr Robin D. McFarlane has joined SECURITY PACIFIC NATIONAL BANK'S international money management department, London, as vice president, financial futures. Prior to joining Security Pacific, he *was associated with Italian Inter*national Bank and Continental Illinois National Bank and Trust Co of Chicago, London.

*

Mr John Cox is to be appointed chairman of the AIR TRANSPORT USERS *COMMITTEE* in succession to Mr Robin Duff of Meldrum. Mr Cox is managing director of Scholastic Publications. Mr Richard P. Botwood *has been appointed* director-general of the committee to replace Air-Vice Marshal Sir Brian Stanbridge, who is retiring on December 31.

*

Mr D. R. Moore is retiring *from the board of MARTONAIR*, a wholly-owned subsidiary of Martonair International, and the following appointments take effect from January 1: Mr P. J. Bird as works director and Mr L Stiles as technical director.

*

Mr R. J. Simpson has been appointed director of the BRITISH ELECTROTECHNICAL APPROVALS BOARD from January 1, succeeding Mr J. Vevers, who is retiring. Mr Simpson is a brigadier, REME, and has latterly been director, equipment engineering (army), *at the Ministry of Defence.* Mr Vevers will remain as director of the British Approvals Board for Telecommunications until March 31.

*

Mr A. Stephen Pennington has been appointed a *director of IRL* PRESS.

*

SNAMPROGETTI, Basingstoke, has appointed Mr Ennio Carbone as *managing director.* He succeeds Mr Vittorio Giacomelli, who has returned to group headquarters in Milan. Mr Carbone was director of projects for Snamprogetti SpA, which is a member of the ENI Group.

*

CABLE AND WIRELESS has made the following changes within the group: Mr R. J. Olsen and Mr G. M. W. Owen are appointed to the court of directors from January 1. Mr Olsen *will become executive director* responsible for the Far East and Pacific, taking over from Mr B. A. Pemberton. Mr Olsen will remain managing director, Hong Kong Telephone Co. Mr Pemberton, who currently holds the dual titles of chief operating *officer and director, Far East and* Pacific, will, from January 1, be known by the single title chief operating officer. Mr Owen will become executive director responsible for business in the UK, remaining managing director, *Mercury Communications.*

*

Mr Brian Ellis has joined F. W. WOOLWORTH as general manager of its new weekend and *general store retailing concepts.* He comes from Zodiac Toys, where he *was managing director,* and was a member of the parent company — Maynards — main board.

*

Mr Roy A. Boardman has been appointed chairman, clothing operations, at *TOOTAL GROUP.* He takes over from Mr W. Norman Hornsby, who continues as a main board director of the group.

*

Mr Brian W. Manley, director, *Philips Electronics* and Associated Industries and chairman, TMC, has been elected president of the TELECOMMUNICATION ENGINEERING AND MANUFACTURING ASSOCIATION *from January 1, following the* retirement of Mr J. G. Cottrell. Mr Frank K. Chorley, deputy chief executive, The Plessey Company, and executive chairman, Plessey Telecommunications and Office Systems, was *elected vice president.*

*

Mr Geoffrey Deith has been appointed chief executive of Aynsley China and Waterford-Aynsley UK, both part of the WATERFORD GLASS GROUP. *He has also joined the board of* the Waterford Glass Group. He was previously managing director, industrial division, the Rank Organisation.

*

METAL BULLETIN has *appointed* Mr *Tom Hempenstall,* to the board from January 1. Mr Hempenstall joined the group in 1967. He will have special responsibility for new business of the group, including Cadogan Books, of which he is already a director.

The Guinness Peat offer: four good reasons to say no.

NO 1.

The offer represents a price earnings multiple of only 9.3.

NO 2.

The offer would reduce shareholders' dividend income by almost 20%.

NO 3.

The offer is below the current market price.

NO 4.

The offer ignores our 1985 forecast of total profits of at least £27m. It is simply an attempt to buy Britannia Arrow on the cheap.

Britannia Arrow

Sign nothing. Reject the offer.

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No 3 IS BASED ON THE MIDDLE MARKET QUOTATION AT THE CLOSE OF BUSINESS ON 11TH DECEMBER 1985.

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FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Saturday December 14 1985

The third oil shock

PROFESSOR MILTON FRIEDMAN, who was forecasting the collapse of the Opec oil cartel as long ago as 1975 has had to put up with a great deal of ribbing from his academic colleagues over the years, and developed a standard, good-humoured answer. "Okay, sometimes I get my timing wrong. But the long-term direction, never."

The main oil companies, which stake billions of dollars rather than simple academic reputations on their forecasts, were much more cautious. They have been talking confidently of a major downward break in the oil price only during the last year, but they got their timing wrong too. They were reckoning on a price fall next spring in anticipation of the northern summer, and backed their forecast by rebuilding stocks in recent months. Prof Friedman is now probably better pleased with his 10-year error than the oil companies are with their six-month slip.

Now the forecasters face a new difficulty: there are hardly any differences about direction or timing, but every shade of opinion can be found about the probable ultimate size of the fall. The price could stabilise, bumpily, at about the level it has now reached, though it would probably still fall with the dollar; or it could fall below $20 or even below $10—though those analysts who do take a spectacular fall as a serious possibility tend to think a recovery would soon follow. Even that may represent caution or wishful thinking; as American farmers are learning to their bitter cost, there is no firm price floor in a glutted market. If the glut is long term, there is no scientific base for any forecast at all; it will depend on the unpredictable politics of Opec.

Slow response

There is good reason for supposing that potential world oil supply will exceed demand for rather a long time, not because supply is inexorably rising — Opec has probably already given a big enough shock to confidence to slow exploration and development drastically — but because demand is still likely to fall.

This can easily be seen by looking backwards. Since 1979, when demand peaked (and helped to provoke the second price increase shock), oil consumption in the seven biggest industrial economies has fallen steadily if not spectacularly from a peak of about 33m barrels a day to a trend level of about 28m barrels a day. Destocking has had something to do with this, but not very much; demand recovered to 29m barrels only when stocks were being rebuilt.

This may look a remarkably slow response to a price rise six years ago but demand for an input like oil always responds slowly. Economies are achieved only as old vehicles, heating and air conditioning and power generation systems are replaced by new, oil-efficient models.

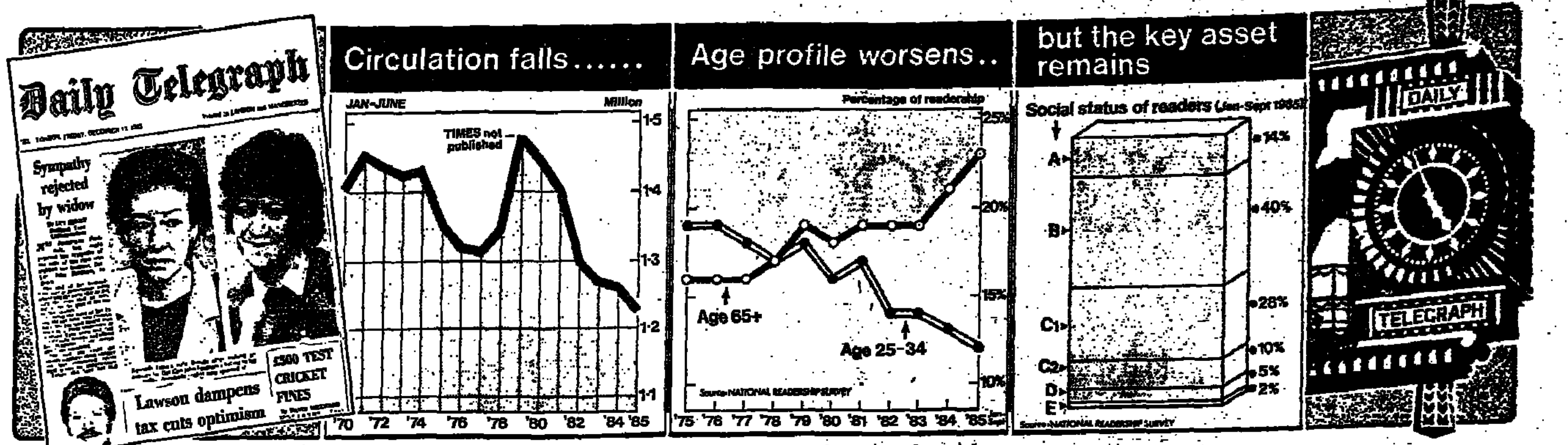
This is a slow process, but it has a big momentum; for example, the new generation of lean-burn car engines, which will achieve another quantum jump in economy, will be available only in models still being developed. Current aircraft are also much more economical than most of those now in service. Lower oil prices will slow this change, as the savings look less attractive, but will not stop it. Things wear out.

On the production side, too, responses are slow. It takes a long time to develop a high-cost field, say in Arctic glaciers or deep water—that is why they are high cost fields; but once the equipment is in place, the producer is nearly helpless. He must recover as much of his investment as the market allows, however much he may wish he had never discovered the field.

Cutting production only makes sense if there is strong reason to believe that the glut is temporary; and even then it makes better sense in low-cost fields, where not too much capital is tied up, than in high cost ones. Unless, of course, the oil price falls below the operating cost of a high cost field. That is thought to be about $7 a barrel in the North Sea. That is the economic reason why everything depends on Opec, which still controls much of the low-cost oil in world trade.

For the moment, most observers are betting that Opec is bluffing about a price war (which would in any case be the correct strategy) but this begs the question of maintaining internal discipline, which is already frayed. Gulf peace, and the addition of 2m barrels a day of Iranian supplies, could be the last straw.

Even on the bluffing hypothesis, oil prices are likely to be sharply lower than the British Chancellor assumed in his recent Autumn Statement. This is bad news for the consumer (and the Conservative Party) because it implies small tax cuts, a lower pound and possibly higher inflation. It could be good news for industry, all the same; competitiveness will benefit. A collapse in the price would be more uncomfortable, but still bearable in the UK, but might provoke a grave banking crisis in the US. One relief could be found in lower interest rates; hence the Wall Street celebration of the long-awaited deficit-cutting legislation. Certainly we in Britain have little other hope of lower rates here.



Bob Hutchison

From generation unto generation

By Raymond Snoddy

TIME finally caught up yesterday with the Daily Telegraph. Lord Hartwell, its chairman and editor-in-chief, a man noted for honour, decency, a remarkable nose for news and little interest in the practicalities of running a business, formally admitted defeat.

Known even by his most senior staff as "the proprietor," Lord Hartwell, aged 74, will retain his two positions at the top of the newspaper. But yesterday he had to admit publicly that:

- The Daily and Sunday Telegraph lost £16m in the six months to September 30 this year.
- Control will pass from the Berry family, which has owned the business for 57 years, to Mr Conrad Black, the Canadian businessman.
- The newspapers will not return to profit until there is a significant reduction in manning in all areas.

"The trouble is that we had a family firm with no outside finances. Almost every other paper has got other activities on which to draw when it needs money. Ours was a family situation and we were the last of them," Lord Hartwell said yesterday.

What Lord Hartwell did not say was if the complicated deal arrange with Mr Black had not been hastily approved by both the Trade and Industry Secretary and the City of London Takeover Panel, the company would have gone into liquidation this week.

"The central theme in the tragedy must be the fallibility of the autocratic style of management in which all power, influence and decisions are vested in one man. It can only work so long as that man is reasonably youthful, his instincts are correct and things are going reasonably well," said a Fleet Street executive who has sat round the oval table at the Newspapers Publishers Association for many years with Lord Hartwell.

That things have not been going reasonably well has been obvious for a long time. Mr Derek Terrington, the respected newspaper and publishing analyst at stockbrokers Grievson Grant, calculates that in the five and three quarter years to December 1984, the business generated total revenue of £710m and profit plus depreciation of £9m. "It should generate 10 times that amount to be called a profitable business," he says.

He believes that the management has been too self-absorbed, running the newspapers almost for their own sake.

This situation could not last at a time when "Eddie Shah is knocking away the barriers to change in Fleet Street from outside and Robert Maxwell from within."

Yesterday's announcement has its roots in decisions taken in the 1960s when the first signs of change could be seen in Fleet Street.

Then the Daily Telegraph joined other national newspapers in negotiating deals which simplified the payment system for different sizes of newspaper with their printers. Some national newspapers made dramatic cost savings as a result.

"To everybody's amazement thet Telegraph deal meant a net increase in costs. That was incomprehensible to me then and it is still incomprehensible to me now," a senior Fleet Street manager commented.

Long term trends have also been running against the Daily Telegraph. Although circulation of the newspaper has only dropped from 1.33m a day to 1.2m in the past 10 years—twice the level of its nearest quality competitor — the average readership per copy has fallen from 3.6 to 2.8. There has also been a steady increase in the proportion of its readers who are older than 55 while the number between 15-34 is in decline. The paper has also faced growing and aggressive competition from The Times for both readers and advertising revenue.

In the boom years of the 1970s the Daily Telegraph failed to reach agreement with the unions on increasing the pages from 36 to 40 and advertisers had to be turned away.

Critics say this generated complacency.

The immediate origins of the crisis, however, go back to the summer of 1984 when the Telegraph, after hardly changing at all for decades, decided to leap 30-50 years in production technology and move in one fell swoop to photocomposition and web-offset printing at new plants in Manchester and London's Docklands.

There are those who argue that web-offset, although it gives superb quality reproduction, is inappropriate for the large print runs and difficult industrial relations of Fleet Street.

The top Telegraph management was warned at the time by a specialist advisor that the technology could be effectively operated only by a workforce with the correct skills and that training costs would be high. It was advice they decided to disregard.

Critics also wonder whether capital investment of £28.5m and annual running costs of £12m a year are really justified to produce a 250,000 Manchester print run.

But it was not the appropriateness or otherwise of the technology, but its cost and financing that brought the Daily Telegraph to its knees. The newspaper management committed itself contractually with suppliers to spending £100m, including capital expenditure, rolled up interest costs and training charges, without first getting the necessary finance in place. "I don't think any real thought was given to how the deal was going to be financed," a close observer said.

The Daily Telegraph did, however, produce a "blue book" on the project to show banks but the company's attempts to raise money "in house" failed.

Management apparently thought it could go to the Telegraph's bank, National Westminster and its merchant subsidiary County Bank, to get a loan for £100m.

When this was found to be impossible, N. M. Rothschild, the merchant bank, was hired as advisers to help raise a £100m loan. Security Pacific took the mandate to raise the money but the word then spread that Nat West had refused. The banks said they would not make loans without new equity finance.

"From the beginning of 1985 week by week, fortnight by fortnight new recurring time controls and someone else's bill fell due. It was like a Greek tragedy that unfolded with total inevitability," said one of the participants.

A financial package was put together in which Security Pacific would raise £40m in loans from the market; Nat-West and the other clearers and their subsidiaries would find a further £40m and £30m would be raised in equity finance. But even after the most extensive arm twisting in the City the equity package was still £7m short.

Then, it is believed, Mr Evelyn de Rothschild, chairman of N. M. Rothschild personally introduced Mr Conrad Black. At a hastily arranged meeting in New York Mr Black said "Yes." But he would only pay £10m for 14 per cent of the equity only on two conditions.

First, in the event of a rights issue, he wanted to exercise the larger right to purchase shares of the Hartwell Family Trust, which controlled 60 per cent of the company. Second, he wanted the power to match any bid for takeover of the Telegraph.

"By then there was a pistol at their heads. There was no choice," said one of those involved. The £110m financial package was done, albeit with conditions on costs attached by the banks on the drawing down of the loans.

On September 24, there was a dinner for Mr Black at Lord Hartwell's house for those involved in putting the deal together. Mr Black at this point was cast in the role of saviour, but according to those present there was a sombre note behind the superficial cordiality.

An internal audit committee chaired by Mr David Montagu, the leading merchant banker and a recently appointed non-executive director, was already at work and the committee had found there were no proper management accounts.

Coopers and Lybrand was brought in as auditor and a new system of accounting was introduced. During the process 300 names were found on the production payroll that management had not realised existed.

By September it was clear that advertising revenue was slipping away while the Telegraph's rivals were doing well. At the same time, the manpower costs of the new venture turned out to be higher than estimated and the 130-year old newspaper was caught in a cash flow bind. "Towards the end of October we clearly had a crisis," said one participant.

The crisis became manifest at a meeting at 135 Fleet St, the Telegraph's home, during the third week of October. Mr Montagu said that unless several million pounds were made available immediately to pay a bill from Rockwell Goss, suppliers of the printing press, the Telegraph would have to call in the receivers.

Security Pacific agreed to supply half the money and Lord Hartwell undertook to find the rest.

By then a new capital injection was also urgently needed and the search began for a new Sir Lancelot. Lord Hanson was approached but took one look at the books and bid for Imperial instead. Prof Roland Smith, chairman of the House of Fraser was in touch on behalf of the Al-Fayed brothers but the talks never became serious.

The crisis at the newspaper has also led to a bitter row in the Berry family. Mr Nicholas Berry, Lord Hartwell's younger son has been opposed to Mr Conrad Black taking control.

The Berry family bought the newspaper in 1928 and later took over the Morning Post after the Post suffered the sort of financial crisis which is now inflicting the Telegraph.

By involving himself in the newspaper at the financial crisis, Mr Black has effectively locked himself into the future of the two newspapers.

Those who are best informed about the gravity of the Daily Telegraph's problems, however, are adamant that with a little luck and skilful management, it can be restored to its former glory.

The newspaper also has one asset that it would be difficult to devalue — a loyal core of readers in the middle to upper reaches of the marketplace which no other national daily can reach so effectively.

Mr Terrington believes the emphasis must now be on "tackling the costs which has never been tackled before." It would require, he believes, a minimum of 500 jobs going and probably closer to 1,000. That compares with an estimated current payroll of 3,300 in London and 140 in Manchester.

A merchant banker who has seen the books said yesterday: "I don't think the Daily Telegraph will be back into profit until the financial year ending March 1989. But then it could become a gold mine."

This morning, after the headlines and the rare TV interview with Lord Hartwell, explaining his deal, 1.2m copies of the Daily Telegraph will drop through letterboxes all over Britain, imparting a familiar and reassuring sense of the world.

But as the patrician right represented by Lord Hartwell yields to the new, Reaganite right represented by Mr Black and the management accountants get to work, behind the Telegraph's greyly understated lines, everyone knows that they are living in post-revolutionary times.

THE FINANCIAL PICTURE

	Six months ended 30th Sept 1985	Six months ended 30th Sept 1984
	£m	£m
Turnover	74.4	70.4
Trading profit/(loss)	(4.6)	(2.6)
Investment income	1.0	0.3
Interest payable	(0.2)	(0.1)
Exceptional items	(2.9)	—
Profit/(loss) before taxation and extraordinary items	(6.7)	(2.4)
Taxation credit	2.5	2.2
Extraordinary items	(11.8)	8.8
Dividend paid	(0.3)	—
Retained profit/(loss)	(16.3)	8.6

Note: Interest on bank loans, to finance expenditure on fixed assets, not yet in use, has been capitalised.

Man in the News

Michael Heseltine

A lone activist rides to battle

By Peter Riddell, Political Editor

"INDUSTRY doesn't want a hands-off approach," claims Mr Michael Heseltine. The Defence Secretary remains an unashamed interventionist in conflict with economic ministers in a Cabinet which says it does not have an industrial strategy. For him, close relations between Government and industry are both inevitable and desirable.

During the last month, and particularly this week, Mr Heseltine has been involved in lengthy arguments within Whitehall, especially with the Department of Trade and Industry, over his distinctively European view of the future of the Westland helicopter company.

This activity reflects a broadly thought out approach. There has, for example, been the agreement on a European fighter aircraft, the hiring of Mr Peter Levene to overhaul the defence procurement programme and the setting up of an office in the Ministry of Defence to help British companies win a share of the contracts for the Star Wars (SDI) programme.

For Mr Heseltine, talking on Thursday morning in the middle of the Westland negotiations, there is no alternative to intervention. You have, he says, to recognise that "other countries are maintaining, financing and sometimes subsidising their major industrial capabilities, so that to talk of competition is merely to expose your industries to a regime which is not applicable anywhere else." Hence there has to be "a very close dialogue" between Government and industry, like that overseas and "you can only begin to compete if you approach it in the same way."

Mr Heseltine takes a "national champion" approach. He admits that in some senses he is forced to pick, or rather back, "winners" because "we can't afford to maintain in this country platform manufacturers (like British Aerospace) on a very wide competitive scale." However, he concedes that if there is over-capacity among companies dependent for orders on his ministry, then he has to consider "whether we haven't got to bring about a rationalisation process. That would undoubtedly involve making difficult judgments about which companies went and which didn't."

He sees these decisions in a Europe-wide context. If the dominance of US technology and associated companies becomes pervasive, "this will create political tensions which will in the end cause resentment and force apart the alliance." The only way, he believes, to correct this situation "is to give manifest capability in the way that the Pentagon does in the US.

"It is no accident that having concluded the European fighter aircraft one of the early approaches we had was from the Americans asking if there were ways in which they could help." He says that showed a US recognition of European strength and "an entitlement to be treated as equals at the negotiating table."

Looking ahead, he sees scope for greater co-operation through discussions of the European Nato partners plus France about all major contracts and about research projects.

But does this mean that Government is acting as midwife to mergers? Mr Heseltine denies that he is trying to get involved in negotiations, though he has with Westland, but believes that "by seeking the same coherence in the European market that the Pentagon gives to the US market, companies will respond to that by forming themselves into larger and trans-European groupings."

Mr Heseltine highlights "the tension between keeping very close to industry wherever you can in the legitimate pursuit of British aims and making companies competitive and ensuring that they do not take you for granted."

His approach is, he stresses, "not a soft option for industry. The proportion of procurement by competition has risen from under half to nearly three-quarters on new contracts in 18 months. There is also a rigour about the monopoly suppliers because today they are being expected to put their sub-systems for components out to competitive tender within the main contract, and not just to a subsidiary."

Not surprisingly, Mr Heseltine argues that industry likes this balance, though some suppliers like GEC have been, and are, in dispute with the ministry over contracts. Citing the case of the SDI office he says that this reflected the strong views of industry but "there is no subsidy. They'll have to go out and fight."

More generally, he says it is his responsibility "to think through the nature of the help that companies get and to play a positive role in that partnership."

To his critics in Whitehall and the City, of whom there are a good number, this represents a one-man industrial strategy. Asked how his views fit in with those of other ministers, Mr Heseltine pauses and adds warily: "I'm Secretary of State for Defence. I have to deal with specific industries for which I have responsibility."

His approach reflects his activist temperament and record. At the Department of the Environment, in the inner cities and in relation to small businesses, he promoted partnership arrangements between banks, insurance companies and building societies in the creation of small companies and the sponsorship of small companies by large companies.

Mr Heseltine's current interests have kept him out of the public limelight compared with this earlier high profile activity against CND. So, as he has grappled with the defence budget, his rating with Tory backbenchers has slipped somewhat, at least by comparison with his old friend and rival Mr Peter Walker. And Mrs Thatcher is unlikely to advance his prospects in the short-term by appointing such an interventionist to an economic department. He may have to mark time and wait until the general election for a move, by which time he will be the longest-serving Defence Secretary apart from Mr Denis Healey. None of his eight predecessors has become Prime Minister.

Why Marcos holds an ace against Aquino

FOR A few days this week, it looked as though the fractious political opposition in the Philippines had once again lost its way. Despite months of concentrated effort, it had failed to agree on a single candidate for the "snap" presidential election called for February 7, and appeared to have handed the incumbent, Ferdinand Marcos, an easy victory—just as he had hoped.

Minutes before Wednesday's midnight deadline for declaring candidacies, however, the picture changed. Mr Marcos's two strongest opponents were reconciled and, in what many saw as a "dream ticket," it was agreed that Mrs Cory Aquino, widow of the slain opposition leader Benigno Aquino, would run for *president alongside Mr Salvador* Laurel, head of the Unido coalition, who would go for the vice-presidency.

With the opposition unexpectedly back on the road, everything appeared set for a dramatic electoral showdown. In fact, Mrs Aquino and Mr Laurel still have a long way to go, *and must now overcome* some awkward obstacles if they are ultimately to unseat the wily 68-year-old autocrat.

Most in their favour is the abject condition of the country after 20 years of Marcos rule (more than eight of them under martial law). Once one of South East Asia's brightest prospects, the Philippines is now a source of concern to its neighbours and to its principal allies, especially the US, and the country's 55m people are acutely aware of their reversal in fortunes.

The economy is likely to contract by 4 per cent this year *after a 5 per cent decline in* 1984, and the outlook for 1986 is no better. Prospects are gloomy for sugar and coconuts, two key exports, while a loss of confidence is hampering investment prospects in manufacturing.

An intensifying Communist-inspired guerrilla insurgency *has started to spill over from* the rural to the urban areas, and is now taking up to 15 lives a day, 20 per cent more than in 1984. The 210,000-strong military is divided and demoralised, and the risk is growing that *ordinary people will turn in dis*-illusion to the New People's Army, the military wing of the Philippines Communist Party.

Popular disaffection has recently been reinforced by the acquittal of 25 soldiers and *a civilian accused by an inde*pendent inquiry of conspiracy to kill Benigno Aquino. The assassination in August 1983, at the moment Mr Aquino returned to Manila from self-imposed exile, provoked massive street demonstrations and a flight of capital.

The reinstatement as army chief of General Fabian Ver, one of those accused, has not helped. Neither has the mounting evidence of official corruption which prompted Mr Marcos to consider seeking an early mandate last August.

Mr Marcos denies the corrup*tion charges and blames most* of the country's economic ills on outside forces. In his support he points to agreements with the International Monetary Fund and commercial bank creditors who have restructured external debts of $25.2bn, improved the balance of payments and squeezed out inflation.

He blames the opposition for the guerrilla war and sharply *reminds his detractors that the* Philippines' record of counter-insurgency is one of the most *impressive in the world.*

But as all sides agree, the real issue in this election is Mr Marcos himself. He wants to convince the world his programme is supported by the people. The opposition's top *priority is to remove Mr Marcos* by peaceful means.

Mrs Aquino's and Mr Laurel's last-minute reconciliation was effected by cardinal Jaime Sin, Archbishop of Manila. That is a pointer to a vital channel of opposition support in this Catholic country: the pulpit. Mr Laurel's Unido machinery will strengthen the campaign further, although more funds are needed and continuing internal squabbles will have to be contained.

Additional help could come from left-of-centre and underground Far Left groupings. But while they want Mr Marcos removed, they see little prospect of radical change under Mrs Aquino. *As for Mr Laurel, who* is 57. He is dismissed as an overbearingly ambitious politician of the old guard, and one whose past membership of Mr

By Chris Sherwell in Manila

Marcos's ruling party during martial law arouses suspicion.

In running for the presidency —the first woman to do so— the 52-year-old Mrs Aquino has two main assets: the mantle of her husband and her past dissociation from politics. But even those in the Government who have refrained from criticism will now attack her, and political baptism could be painful.

Like Mr Laurel, Mrs Aquino has a privileged family background which could prove a point of political vulnerability. The Aquinos are landowners and her first cousin, Eduardo Cojuangco, is both a close friend of President Marcos and controller of the San Miguel brewing group and the country's coconut industry. In what is bound to be a mudslinging *campaign, it will be crucial for* Mrs Aquino to preserve her image of innocence, moral virtue and integrity.

Likewise, with no precisely formulated common platform, *Mr Marcos will inevitably pose* the question: what happens if the opposition wins? The main appeal of the opposition is merely that it is anti-Marcos, but Mrs Aquino still needs to translate her broad commitment to a less autocratic style of gov*ernment into concrete policies*, such as a pledge to abolish the presidential power of decree making which Mr Marcos introduced during martial law.

To help trumpet his own tough stand against Communism and heap ridicule on his opponents' palpable inexperience, the President not only has the resources of government to fall back on but also the well-funded and oiled machine of the ruling New Society Movement (KBL). He also has far easier access than his opponents to nationwide television, radio and the mainstream press.

A politician to his fingertips, Mr Marcos has numerous other cards up his sleeve. One is the *possible retirement of Gen Ver* as part of a much-vaunted reorganisation of the military. Another—which he has now played—is his choice of the maverick Arturo Tolentino as his running mate.

A vocal critic of the President —he has even cast doubt on the validity of the election— *the 75-year-old Mr Tolentino* brings an aura of independence to the KBL ticket and the *chance of a better performance* in the all-important Manila region. Mr Tolentino, a long-time KBL loyalist, was one of the few ruling party candidates to buck the anti-Marcos trend in the May 1984 national *assembly elections.*

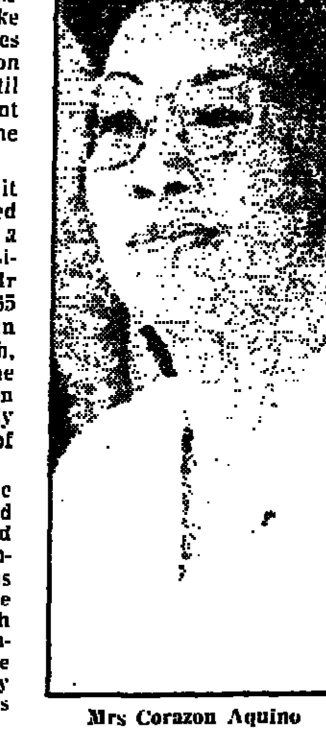
The opposition sees Mr Marcos's ace, however, as a cancellation of the election either by decree or because of a possible ruling by the Supreme Court that a "snap" presiden*tial election is unconstitutional*. Mrs Aquino has already voiced her suspicions over this by urging the court to make an early decision on the matter.

The question before the court is whether a presidential *vacancy has been created by* Mr Marcos's controversial post-dated resignation, timed to take effect when the winner takes the oath of office. An election *is not technically due until* 1987, when Mr Marcos's current six-year term ends, unless he *dies, is impeached or resigns.*

If the contest goes ahead, it is likely to be a no-holds-barred *affair. The Philippines has a* history of viciously-fought presidential elections, such as Mr *Marcos's early victories in 1965* and 1969. Though plagued in the past by bouts of ill-health, Mr Marcos looked well when he accepted the KBL nomination this week, and is evidently stimulated by the prospect of a good fight.

Whether it will be a fair one is another matter. The detailed election code recently pushed through the Assembly is a confusing maze of regulations which could in practice invite abuses. With the stakes so high —many thousands of government jobs hinge on the outcome —outright intimidation by local officials and various forms of rigging are also possible.

Since the Opposition feels the official commission on elections is biased, Namfrel, the citizens' watchdog body, will be called on to repeat the job it did in May 1984, when the KBL suffered major losses in a *cleaner election than usual.*



Mrs Corazon Aquino

The view of US observers w[...] also count heavily in int[...] national opinion. Whate[...] happens, though, Mr Marcos [...] once more fighting for his p[...] tical survival—this time w[...] the very future of the Phi[...] *pines at stake.*

Antony Thorncroft looks at the growth market for Britain's record industry

Compact discs: less hiss, more profits

THE UK record industry has always lived off hyperbole. It is the nature of the beast that every new band or singer is *the greatest, every new record* the best. But there is near-unanimity that 1985 marks the year in which the compact disc has finally revealed its potential and that by 1990 it will have made the conventional vinyl LP *all but obsolete.*

Sales are still tiny compared with records but the growth has *far exceeded expectations.* In 1983 some 300,000 compact discs were sold in the UK; last year 800,000 were bought; this year the estimate is 3m. With third quarter sales more than 300 per cent ahead of those in *1984, that could be too cautious.* The 1986 forecast of 6m units also looks modest.

In value terms compact discs are not much more than 5 per cent of a record industry which this year should be worth £380m in trade deliveries, as against £329m in 1984. But the main factor holding back sales is *supply. Only one factory in the* UK currently produces compact discs: Nimbus Records at Monmouth. Most discs are imported, and come either from *the Polygram-owned factory in* Germany or from Japan, where there are seven production centres. As Rob Dickens of WEA Record describes it: "The other day we received a consignment of 3,000 CDs of *Madonna—they went straight* out to retailers."

According to Dickens, the production of CDs is in a state of animated suspension. It takes at least 18 months to develop *a trouble-free production line* and at the moment the established makers are reluctant to expand output until they have a clearer idea of the extent of the new capacity being planned. Next year at least two British processing plants will come on stream, an EMI venture at Swindon and the independent Disctec at Horsham. Meanwhile, Nimbus recently announced that it is ending LP manufacturing next *year to concentrate all its* resources on a second CD facility raising capacity to 25m a year

The short-term shortage of *CDs has not necessarily proved* a bad thing for the record industry. It has enabled many of the companies involved to raise prices this year to profitable levels. New technology has usually been promoted at *rapidly decreasing prices as* competition fights for a share of the developing market. But most CDs are in the £10-£14 price range, or over twice the price of a vinyl LP.

There is rare agreement in the record industry about the reasons for the success of CD. The laser-read digitally encoded *disc is the finest available* carrier of music, for the present and immediate future. This has been quickly acknowledged by the consumers who care most about sound quality—the purchasers of classical records. *Classical CDs could overtake* vinyl LPs in sales terms within two years—the process has enabled historic recordings of pre-war years to be re-released *without the buzzing and the* crackling, and has encouraged fanatics about sound quality to buy the classical repertoire through their honeymoon with CDs.

Classical records, which account for only 6 per cent of total LP sales, have often led the industry in innovation. They *took more readily to the pre*-recorded tape cassette, which now accounts for a substantial majority of sales of classical music, and the casette offers a useful parallel to the future of CDs. Three years after their first appearance, in 1968, cassettes had notched up sales of 600,000, below the current fore*cast for CDs. This year cassette* sales should, for the first time, exceed those of LPs—in the first nine months 31.5m cassettes were delivered to the retail trade as against 31.2m albums. Even without the advent of the *CD, the traditional LP would* have been overtaken.

While the CD should be the basis for home listening to music by 1990 cassettes are *likely to dominate the car and* personal stereo market.

Another factor restraining the expansion of CD sales is the cost of the hardware. A CD turntable is now available for less than £200, and the price seems certain to fall steadily. All that remains is to woo nostalgic music lovers away *from their old albums, for it* is among the over 30s that the greatest potential for CD lies. Most major artists are now released both on vinyl album and on CD but the majority of new CD issues are of classical music, or from the back catalogue.

It is unlikely, for technical reasons, that CD will make much impression in the singles market although Dire Straits have just issued a limited edition CD single. Singles will carry on in traditional format as a means of market testing *new groups for the more valu*able LP market—in 1984 singles notched up £78.8m in trade deliveries, and LPs £141.2m (cassettes were worth £104[...]

Last year was a good one [...] the record business, which [...] shaken off its depression in [...] early 1980s. Better marketi[...] by retailers, and the arrival [...] new heavy selling bands li[...] Wham and Frankie goes [...] Hollywood accounted for [...] turnaround. This year beg[...] well but went very flat in [...] *autumn. Sales in the spri[...]* were stimulated by the Ba[...] Aid single, "Do they know i[...] Christmas," which sold a reco[...] 3m copies. It is now qui[...] likely to be the best selli[...] single again this Christmas [...]

The usual flood of ne[...] albums by major artists, [...] leased in the late autumn f[...] *the peak selling Christm[...]* period, does not seem to ha[...] materialised this year. In t[...] past two weeks, however, sal[...] have risen sharply, in respon[...] to the heaviest burst of TV a[...] vertising witnessed in the [...] *cord industry.*

But the temporary vagari[...] of the market are hardly like[...] to ruffle the expansion of CD[...]

Community issues

From the Chairman, National Association of Local Councils

Sir,—This association is most seriously concerned about the effects of the restrictions on local government publicity expenditure proposed in the Local Government *Bill. If Parliament* passes the Bill without amendments councils will no longer be able to give their inhabitants details of services provided or to voice, through publicity, the views of the area about a proposal which *might* alter its nature for years to come.

The association knows that *the reason* for the Bill is to prevent the use of ratepayers' money on propaganda for the benefit of political parties. It is, however, a most unfortu*nate* consequence of the way the draftsman seeks to reach that object that parish and community councils, which have only used publicity to achieve results of direct importance to their own town or *village*, should be prevented from using their locally derived resources *for local purposes.* These councils are in that respect different from major authorities in that they are not entitled to rate support grant *and so all* their funds are locally derived, which makes them even more careful about their expenditures.

One of the principal *raisons d'etre* of parish and community councils, as recognised by the Redcliffe-Maud Report and by all the debates in the 1970s which led to the present local *government* system, is to protect the towns and villages of this country by representing within the framework of local and national administration the views of those communities and the people who live in them. It is my earnest hope that *Par*liament will not take away their most potent weapon, the ability to publish *their views on* vital, but non-party, issues. Will our MPs feel able to justify to *people in*, for instance, rural areas, the removal of the power to oppose effectively the closure *of the* village school, or to campaign for a by-pass, or to integrate the newcomers by informing them of all the public services provided in the village?

Dillwyn Miles,
108 Great Russell St, WC1.

Levy on blank tapes

From the Director, British Photographic Industry

Sir,—If, as your *Political* Editor's article on December 2 suggests, the Government is reconsidering its plans to introduce a levy on blank audio tapes on the basis that it is a tax, it is adding a wilful confusion to the record industry's case which has already been accepted in other major countries of the world.

As the Green Paper on home taping issued last February pointed out, it is not a tax. Tax goes to the government. *The principle is one of pay*ment for rights owners for the use of copyright material. Copyright is a central core of funding for entertainment and information industries.

It seems wholly reasonable and equitable that the *audio* blank tape manufacturers, all foreign, should make some small contribution to the rights owners whose music they are dependent on to maintain their tape market. It is, after all, they who profit most by designing the great bulk of their product — C90s — to accommodate the playing time of two LPs.

Innovative industries are dependent on the control of their rights. Clearly the record industry cannot control home taping. We are dependent on legislation to redress an imbalance. There are workable systems in other countries. The Government must implement this microeconomic reform. Then we can concentrate on the overseas market where we have been so successful, instead of constantly defending our position here.

John Deacon.
273-287 Regent Street, W1.

Letters to the Editor

Mortgage tax relief

From Mr H. Hutton

Sir,—I think that Mr Murphy may himself be under an illusion (December 9). It is true that some rents are subsidised; a large number are not, however. Mr Murphy might try *pronouncing his theories of sub*sidy to tenants of flats in areas where there are no rent control *restraints.*

I fear it may be unduly optimistic to suggest that there is a "basic principle of our tax system." If I am a house owner paying mortgage interest, payment of interest on a loan within the statutory £30,000 limit undoubtedly reduces my income tax bill. To suggest that the *tax relief is an illusion* because to obtain it I have to spend money on making interest *payments which*, in the absence of a mortgage I would still have had in my pocket, is fantastic. Depending on all the circumstances, my mortgage interest may or may not be less than the corresponding rental payment for a *similar* property. What I clearly have saved, however, is the enduring and, one *hopes appreciating*, asset in the house or flat, whereas after, say, 20 years of paying rent I should have had nothing.

M. C. A. Hutton.
27, Hillier Road, SW11.

Imports of textiles

From the Chairman, Textile Industry Support Campaign

Sir,—I am puzzled. The textile and clothing industry is the third largest manufacturing *industry in the UK, employing* nearly 500,000 workers. It is virtually strike free. Its wage rises are always less than inflation. Its 1984 exports were almost £3bn and it is the largest employer of ethnic minorities.

Indeed, we are, as Gilbert would have said, the very model of a modern major industry. And yet in the current re-negotiations of the multifibre arrangement upon which our survival depends our government representatives are dismaying our European partners by their naively liberal approach to textile imports, thus threatening all those jobs—and many more in Europe.

There are those among us who actually believe that our *unforgivable sin is being* mainly north of Watford but of course this is ridiculous—or is *it?*

John G. Bridge,
115 Windsor Road,
Oldham, Lancs.

Protagonists unite

From Dr G. Myddelton

Sir,—In 1982 there were some 647,000 deaths in the UK. *If*, as the anti-tobacco campaigners say, 100,000 of these were caused by *smoking then they* should be calling for the total prohibition of the sale of *tobacco. Instead they merely* suggest more propaganda (Mr David Simpson, November 30), or more tax (Mr J. Tennant, December 2).

The anti-smoking protagonists lack the courage of their convictions because they shrink from the possible consequences of the inevitable official inquiry *which would have to precede* such drastic action. The link between smoking and increased mortality is purely statistical and very haphazard, and it cannot be shown to be causal.

An independent scientific investigation of all the evidence on both sides together with a new programme of research to decide the issue is imperative. A call for this should be supported by both medical authorities and tobacco industry alike.

(Dr) Geoffrey Myddelton.
Blue Moon,
1867 Glutieres-sur-Ollon,
Vaud, Switzerland.

Banks and their customers

From Mr A. McMillan

Sir,—I understand Mr Bronkhurst's argument (December 10) but it should be remembered that in not all cases does quantity equal quality—sheer numbers do not *necessarily add* up to profitable business.

As a general rule clearing bankers wish to maximise income by providing a first class service, but there are occasions when individual running costs for an account can prove too heavy, and managers are content to see customers move their accounts elsewhere.

Now that free banking, if in credit, is widely available Mr Bronkhurst should take comfort from the fact that the clearing banks, contrary to frequent misunderstanding, are fully aware of the markets in which they operate and are able to respond in ways which benefit the consumer even further.

A. J. McMillan.
226 Green Lane, SW16.

Industry and satisfaction

From Mr A. John

Sir,—I will give Michael Dixon (Jobs Column December 5) the benefit of the doubt by assuming lack of space rather than the journalistic lack of joy in their art, for his rather simplistic explanation of job satisfaction.

While I agree wholeheartedly *that being good at a job (and* taking a pride in proving it) certainly overcomes the boredom of *an otherwise* routine job, it is not necessarily true that job satisfaction automatically follows. I could go on at length but would merely commend John Griffith's letter in the same issue.

With particular regard to the apparent journalists' "dislike" of writing, it is not always a bad thing—it must be possible to express in mathematical terms the fact that creativity increases considerably as the deadline approaches! The imminence of sudden death . . . etc.

Alan V. John
Bridge House,
Resaurie,
by Inverness.

Litigation costs

From Mr W. Farwell

Sir,—The article on litigation costs (A. H. Hermann, December 5) raises important questions on the future in the Common Market. It touches only briefly on the UK, yet one does not have to look to the future to see a system that is not working.

No UK company can regard a patents action as anything but disastrous. A mid-range company, let alone a small one, cannot contemplate six-figure costs and years of work; it has to settle. A large company will need a very big profit centre indeed to justify action. Yet patent rights are gained through the work of the patents profession and Patent Office at moderate cost, it is after grant *that things run away.*

If the whole patent system is not to fall into disrepute, to the detriment of every innovative industry in this country, the Gordian knot must be cut. Give the enforcement of patents *to the system that grants them.*

The question in a patent action is whether the patent is infringed. The question before grant is whether it is new. The two questions are the sides of one coin. Yet before grant the *procedure, even if grant* is opposed, is a simple one with written submissions and a hearing, if any, of a few hours. After grant it is the full panoply of pleadings, discovery, experiments, witnesses and weeks in court.

One key change only is required. The Patents Act 1977 already has provisions for hearing of infringement or validity disputes in the Patent Office, argued by people familiar with technology before *people* familiar with technology. Make their use compulsory unless both *parties wish to go to* court, rather than as at present an option where parties agree not to go to court. Hear all the issues of validity and infringement and remit to the court solely for remedies of injunction and damages *if* a defendant is obdurate. Have the appeal, if any, to a board with the *Patent Office, as is done in the* European Patent Office, perhaps allowing the board, but not the *parties, to refer a* difficult point of law to the courts.

If sufficient evidence of infringement is not available from public sources, appoint the Patent Office to carry out an investigation and make a report on the proven lines of the French official bailiff's "seizie descriptif."

We entrust the Patent Office with grant of the rights a patent carries, with success: entrust it with their exercise as well, where lawyers and the courts have failed.

W. R. Farwell,
Black Lake House,
Milland,
Nr Liphook, Hants.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—Instant access/no penalty
			9.50 Higher interest account 90 days' notice or charge
			5.50/8.81 Cheque-Save
			9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly.
			9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly
			8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.00 Instant Gold. £250-£4,999 No notice/penalty
			9.25 Instant Gold. £5,000-£9,999. No notice/penalty
			9.50 Instant Gold. £10,000+. No notice/penalty
Barnsley	7.00	9.00	9.95 Summit account — £1,000+ — 3 months' notice
			8.85 Special invest. (28 days' notice) 8.85 monthly inc. a/c
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum
			9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	8.75 Plus account £1,000+. No notice. No penalty
			9.80 £10,000+, 9.55 £5,000+, £1,000+ 7-day notice Triple *Bonus. Monthly income up to 9.55*
			9.80 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.50 60 days' notice
Cardiff	8.50	8.60	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not./pens. £10,000+ 9.75. £5,000-£9,999 9.50. £500-£4,999 9.00. Under £500 7.00. Mly. int.
Cheshunt	7.00	8.50	9.75 £5,000-£250,000, 9.25 £1,000-£4,999 instant acc. no pen.
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income
			9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			9.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+, instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.30 Somerset super plus £10,000 minimum. Monthly income
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50/9.00-8.50/8.00 Instant xtra (minimum £500)
			9.50 90-day xtra. 90 days' notice/no penalty (minimum £500)
			9.00 Cardcash (£2,000+), 7.00 £1-£1,999)
Heart of England	7.00	8.25	9.80 and 9.55 High interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account. *Minimum £500 3-month 9.75*
Hinckley and Rugby	7.00	9.80	9.80 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und £10K. 10.25 ov. £10K mag. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa in. mly. no not./pen., 8.75 £5,000 min.
			9.50 High flyer—no notice/no penalty £10,000 minimum
			9.25 High flyer—£5,000 minimum, 9.00 £500 minimum
			10.15 Super share no not., 14 days' penalty £20,000 minimum
			9.85 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.75 *Monthly interest.* 9.25 28 days', 9.80 60 days' notice. 9.00-9.25-9.50 immediate access, no penalty
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	*9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+*
Midshires	7.00	—	9.25 £500+ inst. acc./no pen. £100-£499 7 days' notice
			9.50 3-yr. term. 2.50 gtd. £500-£1,000 M.I. 3 mths.' not./pen.
Mornington	9.10	—	9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	9.80 90 days' *notice, no penalty £10,000+. ‡ £1,000*
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty
			9.50 Special share 60-day notice/penalty unless £10,000+
			9.50 Money man. £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999
			9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty
			9.50 *Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.*
Newcastle	7.00	8.25	9.50 (plus bonus) Two-Year Term, 9.25 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access
			9.30 *Money spinner plus £5,000 or more, instant access*
			9.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	8.75 7-day/monthly income option/9.00 on £10,000+
Peckham	7.65	—	8.65/9.75 immediate withdrwl. if over £2,000. Monthly income
Peterborough	7.00	8.30	9.75 Premium shrs. inst. acc. £5,000+ (8.95 under £10,000)
Portman	7.00	9.25	9.90 Gold seal. Min. £1,000. 1-yr. min. then 3 months' notice
			9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen.
Portsmouth	7.15	*8.65*	10.00 *3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day*
Property Owners	7.50	9.00	8.85 Instant access minimum £500
Regency	7.00	—	9.35 Min. inv. £500. Balance over £5,000 9.55 1 month's not.
Scarborough	7.00	8.25	9.15-9.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	9.70 Sovereign £5,000+, 9.25 £500-£4,999 monthly income 9.25 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 9.50, instant or notice
Sussex County	7.00	8.50	9.75 90 days, 9.50 monthly income, 9.25 instant access
Thrift	8.00	—	9.00 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available
			9.80-5.75 Moneywise cheque-Visa. Interest varies with bal.
			9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Prime £500+, 9.25 £5,000+, 9.50 £10,000+, no not./pen.
			9.50 Capital, 90 days' notice/penalty. Minimum £500
Yorkshire	*7.00*	*8.00*	*9.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.*
			9.50 Classic Key Monthly Income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

Greene King up 19% to £4.4m

Greene, King & Sons, the Suffolk-based brewer, yesterday unveiled a 19 per cent interim profits increase but warned that this growth rate was unlikely to be sustained in the second half.

The interim result, up from £3.68m to £4.39m pre-tax, was achieved by a modest increase in beer volume sales, an increase in wine and spirit sales and a decrease in costs.

However, the second half will be affected by costs, principally on the maintenance of Green, King's licensed estate.

First half earnings per 25p share rose by just over 25 per cent to 6.9p. The interim dividend has been lifted by 11 per cent from 1.54p to 1.71p.

Group turnover was higher at £43.39m, against £39.71m, and generated higher trading profits of £4.13m compared with £3.49m. Associates contributed £260,000 (£194,000).

Retained profits were lower at £2.54m, against £3.17m, mainly reflecting much lower extraordinary credits of £356,000 (£1.53m).

Greene, King says that the investment earlier this month in Butterfly Hotels and the earlier acquisition of Sports Nationwide will enhance future results.

Although these benefits will not be immediate, the directors still lexpect the group to surpass 1984-85's record £9.65m taxable profit. Greene's shares were unchanged yesterday at 198p.

Greene, King was one of eight brewers to report results this week and one of three which reported yesterday.

Hardys & Hansons, based in Nottingham, increased full year taxable profits by nearly 17 per cent from £2.93m to £3.42m on turnover ahead from £17.65m to 19.62m.

The final dividend is up by 1.5p to 11.9p, making a higher total of 16.9p against 14.9p. Earnings per share rose by just over 8p to 38.77p for the year to October 4 1985.

Hardys' shares gained 5p yesterday to close at 413p.

Gibbs Mew, USM-quoted group of brewers and commercial property developers, is expecting an increased profit for the year to March 31 1986, but it is from the following year that it expects *to see the trend and results that* it requires.

Mr P. B. Gibbs, the chairman, says the opportunity now exists *for management* to restore the forward momentum of the group. The half year ended September 30 1985, and the *current six months are periods* of consolidation and redirection.

In the first half turnover amounted to £6.88m (£8.34m) and *the* profit *before* tax was £459,900, against £394,400. This *was broken down as to brewery* £300,000 (£402,600) and managed houses *£69,700 (£67,600), William* Seymour £90,200 (£103,400), and Robert Porter/Campbell Trelawny nil (loss £179,200).

Trading in the second half has started rather more satisfactorily with some volume increases.

While Mr Gibbs is confident of a *higher year's profit by virtue* of the disposal of the loss-making *subsidiary, he says the required* forward thrust from the core businesses has not yet materialised.

In the half year the tax charge was £184,000 (£160,000) to leave a net profit of £275,900 (£234,400), or earnings of 5p (4.2p). The interim dividend is held at 1.1p net per share.

Gibbs's shares closed 10p lower at 120p.

● comment

The odd eyebrow was momentarily half-raised as news of Greene King's 19 per cent profits growth seeped through the market yesterday. For a moment it appeared that the brewer had done something remarkable, and the shares put on a couple of pence. Then it became clear that it was just a case of costs being deferred to the second half, and with the likelihood of a steady plod to £10.6m for the full year restored, the shares settled back to close unchanged at *198p. Greene King bears* no comparison with Wolverhampton *& Dudley, aggressively building* pubs and achieving impressive *increases in ale volumes* and margins against an unfavourable background; nor is it in the same league as Greenall Whitley or Vaux, struggling with varying degrees of success to achieve large-scale diversifications into hotels and leisure. Yet its prospective p/e ratio of nearly 12 compares very favourably with theirs. Clearly the main *feature buoying the share price* is the fading echo of takeover speculation, but post-Matthew Brown there seems to be a way to go yet before the gap between expectation and reality is closed.

Profits forecast backs Unigroup's £1.5m rights

Unigroup, the Leeds-based textile and aerosol manufacturer, is forecasting pre-tax profits of at least £555,000 for the year to April 30 1986, compared with £21,000 in the 10 months to April 30 1985. It proposes to raise £1.52m by way of a two-for-five rights issue of 2.93m ordinary shares of 15p each at 52p per share. The *shares closed 11p higher at 81p* yesterday.

The forecast and proposal come with the group's interim *figures which show pre-tax* profits have climbed from £37,000 *to £213,000 in the six months to* October 31 1985.

In line with past practice, no interim dividend will be paid, but it is the board's intention however, in the absence of unforeseen circumstances, to recommend a final dividend on the enlarged capital of 1.1p net. In the 10 months to April 30 1985, 0.2p was paid.

The rights issue, which is being underwritten by Scott *Goff Layton & Co, the company's* stockbroker, will rank pari passu *in all respects with the existing* issued ordinary shares.

The proceeds of the issue will be applied to reduce the group's short-term borrowings, but more importantly will provide it with additional resources to assist in financing further expansion and suitable acquisitions.

The board's key criteria in evaluating suitable acquisitions will continue to be the potential for profits growth of the businesses to be acquired, the strength of its management and the opportunities provided for extending the group's operations

The substantial increases in turnover — up from £1.2m to £3.25m in the first half — and profits have resulted from the acquisition of Security Shutters (UK) and the development of its *new subsidiaries. Security Shutters* and its subsidiaries contri*buted £1.65m to turnover and* £134,000 to profits

Mr Maurice Miller, Unigroup's chairman, in his interim report, says Prestige Doors, a newly-formed subsidiary, is currently *establishing a major presence in* the market for the supply and distribution *of* volume based timber products to multiple retail DIY chains.

Hawley's first Euromarket venture with $100m loan

BY ALEXANDER NICOLL

Hawley Group, the service industry concern headed by Mr Michael Ashcroft, has completed its first venture into the Euromarkets with the signing of a *$100m six-year loan designed to* reduce borrowing costs and *finance expansion.*

Mr David Hammond, finance director, said $45m (£31.4m) of the loan would be used to repay existing secured borrowings in the US, with the result that all of its US borrowing would be unsecured. Savings would also be made because the new loan is based on London Interbank Offered Rates rather than US bank prime rates, he said.

The remainder of the money has not been earmarked for any particular purpose, but could be *quickly mobilised if Hawley* were to consider making acquisitions *—though Mr Hammond said none* were in view at present.

Hawley's rapid growth through acquisitions both in the US and *UK, financed mainly by share* issues, has worried the City. But it has been trying to build a more solid image by selling peripheral interests and halting its acquisition programme.

The loan is a Revolving Multi-currency Transferable Advances Facility, arranged by Credit Suisse First Boston, enabling *Hawley to receive short term* advances from 18 international banks *over the six-year term.*

Hawley will receive bank advances, *rather than* issue Euronotes — which currently offer the finest terms available on such borrowings — because it is not a name known well enough in the Euromarkets. Although lending banks will not bid for paper as they might for Euronotes, they can sell the advances on to other lenders.

Fees are fairly high by comparison with those paid by better known credits. Hawley will pay a facility fee on the entire amount, whether drawn or not, of 0.4 percentage points above Libor.

On drawings, it will pay a further 0.4 points on the first *60 per cent of the facility and* 0.6 points on the remainder. The overall cost if the credit was fully drawn would thus be about ⅞ percentage points above Libor.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Fri Dec 13 1985						Thurs Dec 12	Wed Dec 11	Tues Dec 10	Year ago (approx.)	Highs and Lows Index							
												1985				Since Compilation			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Index No.	Index No.	Index No.	Index No.	High		Low		High		Low	
1	CAPITAL GOODS (207)	564.24	−0.2	10.17	4.08	12.31	15.23	565.19	563.77	567.07	551.29	587.25	25/11	483.30	25/7	587.25	25/11/85	50.71	13/12/74
2	Building Materials (23)	621.78	−0.1	10.72	4.37	11.64	17.26	622.69	617.07	622.30	502.95	651.74	26/11	472.11	26/2	651.74	26/11/85	44.27	11/12/74
3	Contracting, Construction (27)	912.72	−0.3	10.59	4.74	12.16	28.48	915.84	914.09	922.34	726.93	963.49	30/10	684.17	8/3	965.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1519.80	—	9.62	4.99	13.56	52.34	1520.64	1508.65	1525.63	1605.85	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1406.31	−0.8	10.59	3.24	12.38	32.01	1418.20	1424.44	1412.30	1966.05	1977.60	9/1	1229.01	8/10	2049.05	13/11/84	1229.01	8/10/85
6	Mechanical Engineering (61)	320.27	+0.1	10.78	4.56	11.26	9.57	319.79	318.46	322.21	271.67	336.97	25/11	263.85	25/7	336.97	25/11/85	45.43	5/1/75
8	Metals and Metal Forming (7)	238.55	+0.3	9.24	6.85	13.21	7.98	237.81	232.48	234.58	163.83	249.75	27/11	165.08	14/1	249.75	27/11/85	49.65	6/1/75
9	Motors (17)	199.51	+0.8	12.05	4.42	10.01	5.91	197.83	196.54	198.36	136.51	208.01	22/11	142.57	3/1	208.01	22/11/85	19.91	6/1/75
10	Other Industrial Materials (20)	991.20	+0.1	7.66	3.66	15.67	24.34	989.89	989.28	1005.20	805.26	1059.62	22/11	828.60	3/1	1059.62	22/11/85	277.55	15/1/81
21	CONSUMER GROUP (177)	754.91	+0.3	8.70	3.64	14.40	18.21	752.64	752.99	762.49	600.75	790.71	29/11	604.96	3/1	790.71	29/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	760.88	+0.7	9.91	4.01	12.95	17.44	755.22	752.53	764.85	558.64	816.65	25/11	550.86	3/1	816.65	25/11/85	69.47	13/12/74
25	Food Manufacturing (22)	563.10	+0.7	10.69	4.48	12.02	17.32	559.06	555.95	561.74	463.92	590.26	29/11	471.62	25/7	590.26	29/11/85	59.67	11/12/74
26	Food Retailing (14)	1729.90	+0.2	6.29	2.60	21.40	28.06	1727.18	1728.64	1758.67	1436.23	1852.45	29/11	1400.36	1/3	1852.45	29/11/85	54.25	11/12/74
27	Health and Household Products (9)	1188.27	−0.6	6.44	2.76	18.21	23.08	1195.31	1209.76	1226.69	1003.84	1226.69	10/12	980.65	11/4	1226.69	10/12/85	175.38	28/5/80
29	Leisure (24)	759.92	−0.1	7.38	4.43	17.28	23.67	760.74	758.84	764.06	663.94	778.92	25/11	590.69	12/7	778.92	25/11/85	54.83	9/1/75
32	Newspapers, Publishing (11)	1855.11	+0.3	7.29	5.27	17.34	58.90	1849.65	1811.71	1836.76	1440.71	1924.08	1/11	1445.15	3/1	1924.08	1/11/85	55.08	6/1/75
33	Packaging and Paper (13)	366.27	—	9.51	4.22	12.61	10.19	366.43	366.42	369.99	281.28	380.46	28/11	286.36	3/1	380.46	28/11/85	43.46	6/1/75
34	Stores (42)	761.71	+0.7	6.94	2.86	19.48	15.09	756.13	753.74	764.98	538.98	834.96	25/11	529.47	19/2	834.96	25/11/85	52.63	6/1/75
35	Textiles (16)	379.48	+0.7	11.70	4.52	9.69	11.45	376.88	376.92	380.94	288.45	397.45	29/11	293.07	3/1	397.45	29/11/85	62.66	11/12/74
36	Tobaccos (3)	860.86	−0.3	15.31	5.22	7.45	30.77	863.52	875.38	875.68	822.15	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	707.50	−0.4	9.29	4.74	13.90	16.56	710.61	711.50	714.47	589.17	742.63	25/11	605.99	3/1	742.63	25/11/85	58.63	6/1/75
42	Chemicals (18)	726.12	−0.4	13.82	5.34	9.57	26.69	729.18	730.17	734.83	701.23	832.26	22/2	645.96	26/9	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	216.37	−0.5	7.36	4.05	16.20	6.20	217.40	217.40	219.04	144.72	230.66	6/11	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (10)	1337.33	−0.1	7.42	4.10	16.47	40.16	1338.60	1317.66	1338.51	930.37	1382.17	29/11	958.08	3/1	1382.17	29/11/85	90.80	29/6/62
46	Miscellaneous (64)	870.07	−0.2	8.19	3.83	15.02	19.69	872.23	873.91	881.24	766.59	917.43	22/11	787.88	26/7	917.43	22/11/85	60.39	6/7/75
48	Telephone Networks (2)	884.77	−0.6	8.37	5.23	15.89	14.38	890.34	893.54	892.34	684.20	942.07	21/11	701.92	3/1	942.07	21/11/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	700.18	—	9.21	4.03	13.71	17.25	700.20	700.17	706.33	594.98	731.27	25/11	599.75	3/1	731.27	25/11/85	59.01	13/12/74
51	Oils (18)	1099.08	+0.9	17.14	7.96	7.16	60.72	1089.80	1094.60	1093.21	1061.49	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	734.59	+0.1	10.13	4.49	12.39	20.74	733.90	733.46	739.84	634.14	771.36	25/11	636.98	3/1	771.36	25/11/85	63.49	13/12/74
61	FINANCIAL GROUP (116)	510.35	+0.5	—	4.77	—	16.96	507.71	505.83	511.87	425.10	536.82	21/11	430.10	4/1	536.82	21/11/85	55.88	13/12/74
62	Banks (6)	508.08	+0.4	18.11	5.87	7.89	21.12	506.09	504.46	514.78	420.71	554.06	25/11	420.58	15/4	554.06	25/11/85	62.44	12/12/74
65	Insurance (Life) (9)	783.66	+0.6	—	4.34	—	23.40	779.36	773.00	791.17	579.75	832.57	29/11	580.95	4/1	832.57	29/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	396.59	+1.6	—	4.97	—	13.79	390.50	388.75	398.02	307.63	418.00	21/11	303.16	25/2	418.00	21/11/85	43.96	13/12/74
67	Insurance (Brokers) (8)	1165.76	+0.2	7.26	3.70	18.44	30.86	1163.45	1156.24	1159.58	967.01	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	283.70	−0.1	—	3.65	—	6.83	283.94	282.80	284.21	219.50	290.23	18/11	220.65	3/1	290.23	18/11/85	31.21	7/1/75
69	Property (51)	666.27	−0.1	5.85	3.71	22.73	17.40	667.14	667.44	671.96	636.95	699.58	13/11	585.78	10/7	699.58	13/11/85	56.01	20/4/65
70	Other Financial (24)	303.19	+0.8	10.09	5.64	12.24	11.59	300.77	299.97	301.75	259.17	312.36	11/11	261.32	26/7	312.36	11/11/85	33.29	17/12/74
71	Investment Trusts (105)	637.01	+0.2	—	3.42	—	15.06	635.90	632.94	631.70	558.53	643.86	25/11	557.78	31/7	643.86	25/11/85	71.12	13/12/74
81	Mining Finance (3)	245.54	+0.7	13.62	6.33	8.54	10.48	243.77	242.87	244.69	273.39	311.08	15/4	240.20	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	588.27	−0.6	13.30	6.97	8.94	29.15	591.69	585.50	587.91	613.51	687.15	22/1	562.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	669.76	+0.2	—	4.52	—	19.50	668.65	667.71	673.49	578.55	702.06	25/11	581.88	3/1	702.06	25/11/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 12	Dec 11	Dec 10	Dec 9	Dec 6	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1381.4	+2.9	1381.7	1375.4	1376.5	1377.4	1389.5	1392.2	1401.9	1204.8	1455.5	25/11	1206.1	3/1	1455.5	25/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 13	Day's change %	Thurs Dec 12	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.67	+0.12	118.52	—	10.91
2	5-15 years	132.04	−0.09	132.44	0.29	13.00
3	Over 15 years	138.44	+0.01	138.42	—	11.82
4	Irredeemables	150.67	+0.41	150.07	—	13.57
5	All stocks	130.09	—	130.22	0.14	12.21
6	Debentures & Loans	110.97	+0.23	110.72	—	12.05
7	Preference	81.53	−0.03	81.55	—	6.62
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	109.01	+0.04	109.13	0.16	2.85

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 13	Thurs Dec 12	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low	5 years	10.12	10.13	10.40	11.56	28/1	9.75	18/10
2	Coupons	15 years	10.25	10.25	10.37	11.20	28/1	9.98	18/10
3		25 years	10.26	10.25	9.98	10.72	29/1	10.00	18/10
4	Medium	5 years	11.12	11.09	11.07	12.39	28/1	10.58	4/10
5	Coupons	15 years	10.61	10.59	10.78	11.63	28/1	10.30	18/10
6		25 years	10.21	10.22	10.19	10.97	29/1	9.96	18/10
7	High	5 years	11.20	11.18	11.14	12.53	28/1	10.65	4/10
8	Coupons	15 years	10.76	10.73	10.93	11.76	28/1	10.43	18/10
9		25 years	10.39	10.42	10.29	11.03	29/1	10.09	29/7
10	Irredeemables†		9.76	9.80	9.80	10.49	28/1	9.58	18/10
11	Debs &	5 years	11.40	11.44	11.33	12.63	29/1	11.06	10/10
12	Loans	15 years	11.32	11.36	11.42	12.37	29/1	11.04	21/10
13		25 years	11.24	11.27	11.44	12.37	29/1	10.99	21/10
14	Preference†		11.89	11.89	12.61	13.14	29/1	11.73	25/10
15	Inflation rate	5%	3.77	3.77	3.26	3.78	11/12	3.11	11/3
16		10%	3.56	3.59	3.07	3.60	11/12	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Pearce C. H. (3) has been deleted and replaced by Ashley (Laura) (34)

Unilever expanding in Mexico and Brazil

By Martin Dickson

UNILEVER, the Anglo-Dutch consumer *products group,* is to buy the Mexican and Brazilian food interests of Anderson Clayton and Co, of Houston, for about *$112.5m* (78m).

Unilever said the purchase was in line with its policy of concentrating on core activities and would strengthen its already considerable position in the two countries.

Anderson Clayton has a 75.7 per cent interest in its Brazilian subsidiary, which is a major manufacturer of industrial and consumer food products, including margarines, shortenings and cooking oils.

Once the deal is completed, probably in the first half of 1986, Unilever intends to make a tender offer for the minority Brazilian shareholding.

It is not yet known whether it intends to do the same in Mexico, where Anderson has a 60.8 per cent interest in its subsidiary, which is one of the country's largest food producers.

Anderson's holdings in the subsidiaries had a book value of about $88.6m at the end of June. Unilever is paying about $76.5m for the Brazilian interests, with the Mexican ones making up the balance. The subsidiaries had aggregate sales of $615m in the year to June, with about 55 per cent of that in Brazil.

Distillers attacks Argyll's performance

By Mark Meredith, Scottish Correspondent

DISTILLERS yesterday accused the Argyll food group of a lack of commitment to the whisky industry. Argyll which last week launched an unwanted £1.8bn takeover bid for Distillers, replied that Distillers were incompetent.

In the latest round of an increasingly acrimonious takeover struggle, Distillers issued a letter to shareholders pouring scorn on Argyll's performance in the drinks market.

Argyll's ability to handle the international drinks business is thought to be the core of Distillers' submission to the Office of Fair Trading which will decide whether the issue should be referred to the Monopolies and Mergers Commission.

Distillers said that Argyll's whisky operations in the UK were now largely restricted *to warehousing, since the company decided to sell its Loch Lomond distillers this year.*

"Argyll's record in Scotch *whisky to date* has shown a lack of strategic direction, a lack *of understanding of* brand management and a lack *of commitment to the industry,"* the letter said.

C & W dealings open quietly

Dealings in the new partly paid Cable and Wireless shares got off to a slow start yesterday, with the shares opening at 305p, a 5p premium to the 300p partly paid price. The price drifted throughout the day and closed at 303p. Volumes were reported to be very low.

"Maybe it was a success for the Government, but it was a very disappointing day for us," one jobber said last night.

The £933m offer for sale *closed on Wednesday more* than twice subscribed. *The shares have been allocated to* favour the small private in*vestors, so that threequarters* of the public part of the issue *has gone to investors who* applied for 1,000 or fewer shares. Letters of acceptance will be posted on Wednesday.

Hanson buys 2m Babcock shares

Hanson Trust, the industrial holding company headed by Lord Hanson, has acquired *about 2m shares, equal to 1.6 per cent,* of Babcock International.

Mr Michael Hoffman, Babcock's managing director, said Hanson regarded the stake as an investment. Babcock viewed the purchase as an endorsement of its policy of moving away from its old power generation business into areas such as factory automation and process control.

Hanson made the share purchases *before it launched its* £1.9bn takeover bid for Imperial Group just over a week ago. At yesterday's closing price of 176p the Hanson holding is worth about £3.52m.

C. H. Bailey

Tifa AG now holds 27.053 per cent of the voting rights in C. H. Bailey, the Cardiff ship repair and engineering company. This follows Tifa lifting its holding of the ordinary shares to 12.14m and of the B ordinary to 1.38m. Bailey's shares closed at 28¾p, up 4½p.

Britannia clarifies forecast after Guinness Peat query

BY DAVID LASCELLES, BANKING CORRESPONDENT

Mr Michael Newman (left), chief executive of Britannia Arrow, and Mr Alastair Morton, chief executive of Guinness Peat.

Britannia Arrow, the financial services group which is fighting off a £212m bid from Guinness Peat, was last night asked by the Takeover Panel to clarify a forecast that its "total profits" would rise by at least 32 per cent this year.

In a circular to shareholders, Mr Geoffrey Rippon, the chairman, had given a figure for total profits of £27m. Britannia used this as the basis for its forecast of 14p per share earnings, and a claim that Guinnes Peat's cash offer of 130p was only 9.3 times earnings.

Mr Alastair Morton, Guinness Peat's chief executive, complained to the Panel that these *profits included investment* realisations which were neither *consistent with past performance* nor likely to be repeated. He said the value of the offer should be based on Britannia's forecast of pre-tax profits of £19.5m, an increase of 38 per cent.

In its clarification Britannia said that pre-tax profits would be reduced by taxation of £4.9m leaving £14.6m. Minority interests of £0.9m and preference dividend of *£0.2m resulted in profit* after tax of £13.5m.

To this Britannia added £7.5m of extraordinary items, leaving total earnings of £21m, equivalent to 14p a share. The extraordinary items are principally realisations from the sale of investments in London Trust and Groupe Bruxelles Lambert.

However, Britannia continued to maintain that it was justified in including these in its total profits because there had been *consistent realisations in the* past, and it expected, to make *further realisations in future.*

Mr Michael Newman, the chief executive, said that Mr Morton's complaints were "a cheek. The figures have been done that way to give a fair comparison with the way Guinness Peat do their figures."

Mr Morton, who claims his offer is equivalent to 17.4 times Britannia's earnings, said that its forecast of £19.5m pre-tax was "disappointing," and it implied that the group's earnings had declined in the second half of *the year.* In the first half, Britannia reported £10.1m. The decline, Britannia claimed, is mainly due to the effects of currency translations.

Mr Rippon's circular urges *shareholders to reject the offer* because it is below the current *market price of 145p and is likely* to reduce their dividend income *by 20 per cent.* Britannia's shares rose 2p last night to close at 147p.

Having received less than 1 per cent acceptances, *Guinness Peat* has extended its offer to December 17.

Berkeley Ex to acquire Forties stake for $8m

BY MARTIN DICKSON

Berkeley Exploration and Production, a small North Sea oil company, yesterday announced plans to buy an interest in the Forties Field from Texaco for $8.25m (£5.75m).

The deal comes just a few days after Charterhouse Petroleum, the independent UK oil company, lifted its holding in Berkeley to 26 per cent, with the purchase of a 16 per cent stake held by Elf. That move prompted speculation about a possible *Charterhouse bid for Berkeley.*

Berkeley is planning to buy 25 per cent of the 1 per cent working interest of Texaco in the *Forties field, and will pay for it* by the issue of 5,916,358 new *shares, the maximum its directors* have power to issue, and *the balance in cash.*

Existing shareholders will be *given the right to avoid dilution* of their equity stake under a mechanism being operated by Guinness Mahon, Berkeley's merchant bank. The bank buy the new shares from Texaco at 80p each and offer them at that price to shareholders, on the basis of eight new for every 25 existing shares.

Shares in Berkeley closed last night at 95p, down 5p on the day.

Mr Andrew Wilson, chief executive of Berkeley, said the deal with Texaco, which has to get the consent of the Department of Energy, worked out at a price of a little more than $6 a recoverable barrel. The cash flow from the field would help fund the company's £18m exploration and appraisal programme over the next three years.

However, Mr David Roberts, finance director of Charterhouse said: "We are asking a number of questions about the background to, and details of, the transaction which are not clear from the Press release. We are surprised the company needs additional cash, in view of its Claymore purchase last year, and we hope shareholders will be consulted."

Charterhouse and Berkeley executives will be meeting next week to discuss the company's future, an appointment planned before yesterday's announcement.

Shares in Berkeley have a £1 par value. Guinness Mahon and the Stock *Exchange* made clear last night that the mechanism *involved in the vendor placing* would not breach Exchange *rules forbidding the issuing of* shares below par. The shares will be issued to Texaco at a price of at least £1, though it will then sell them on at 80p.

Following discussions with the Stock Exchange, Guinness Mahon said it might be issuing a circular clarifying this point and giving estimates of the value of the assets being acquired.

Close vote expected on Molins buy-out

By Charles Batchelor

Next Tuesday's vote on a plan for a £49.8m management buy-out of Molins, the cigarette machinery manufacturer, will be a close-run thing, the company *and its independent directors* acknowledged yesterday.

It emerged on Thursday that several big institutional shareholders in the company were trying to block the buy-out because they believed it was being sold too cheaply.

The buy-out is being carried out by four Molins directors, headed by Mr Christopher Ross, the managing director, six other senior managers and a number of institutions. It also has the support of the four non-executive directors who are not part of the plan.

A *75 per cent shareholders* vote is required for it to go *through.*

Sir Harry Moore, Molin's chairman, said: "We have a majority of shareholders in favour but it will be very colse.

"The scope to change it now is limited and I am not sure what we would want to change. The market has moved about 5 per cent against us since we announced the plan, but that should not alter prospects for the company over three to four years."

Molins' shares have been buoyed in recent weeks by persistent buying by IEP Securities, *a company controlled by Mr Ron* Brierley, a New Zealand businessman, which now holds 10.57 per cent. The shares stood at *170p yesterday,* the level of buy-out offer.

Molins has been perplexed by IEP's motives for buying but does not expect IEP to make a counter-bid. BAT Industries is understood not to be prepared to sell its 29.9 per cent holding in Molins unless a general offer is made to all shareholders. It would not accept an offer for its stake alone.

Comcap pays £7.1m for largest purchase to-date

BY DAVID GOODHART

Comcap, supplier and leaser of IBM equipment, has made an *agreed £7.07m take-over of Aurit* Services, a leasing finance specialist.

Aurit — a subsidiary of J. *Rothschild Holdings* — is easily the largest of Comcap's acquisitions to date, and is being paid for by the issuing of 3.3m new shares, an expansion of 19 per cent in its share capital.

Comcap will now transfer the shares acquired in Aurit into a newly-formed company called Summit Group. Comcap will hold 75 per cent and the remaining 25 per cent will be divided equally between the family *trusts of Mr Barry Sack and Mr* Kit Hunter Gordon, respectively *the chief executive and managing* director of Aurit.

Mr Sack and Mr Hunter Gordon both previously held 10 per cent of Aurit. In selling to Comcap, Mr Sack has taken £350,000 in cash and the same in Com*cap shares, and Mr Hunter Gor*don has taken £700,000 in cash.

J. Rothschild Holdings, which held 80 per cent of Aurit, has taken £2m in cash and the balance in 1.6m shares (7.8 per cent of Comcap).

In line with Comcap's policy *of encouraging senior management* to build up the asset base *of the company,* Mr Sack and Mr Hunter Gordon — who will re*main in charge of Aurit* (Summit)—will be on a performance-related share in the equity.

The acquisition of Aurit, which made new profit after tax of £980,000 in the nine months *September 30, is* in line with Comcap's strategy of acquiring *service-related businesses in* specialist areas of the market. *The company made £2.94m* pretax on turnover of £33.6m in 1984, and its first half profit this year showed 46 per cent growth. Its share price fell 2p to 213p.

N. Atlantic status doubt

BY DAVID GOODHART

North Atlantic Securities Corporation — part of Morgan Grenfell — is now expected to hold an EGM in February following yesterday's surprise AGM vote not to support its continua*tion as an investment trust.*

However, it now seems unlikely that it will face liquidation at that meeting — a decision that would require a 75 per cent majority. Some of the major funds which on Thursday voted against the recommendation of the directors to continue the status quo—such as Postel Management Fund — said yesterday that they were not likely to support liquidation and had in effect voted for an EGM to hear the management's explanation of the recent relatively poor performance.

Between September 30 1982 and 1985, the net asset value of *North Atlantic increased by 80.5* per cent, equivalent to 21.8 per cent a year. *That compares with* an increase of 74.1 per cent in the net asset value of the average investment trust during the three-year period.

The small to medium-sized trust, which has assets of over £65m, has been hit particularly hard in the last year by strong sterling as it cannot "hedge into" sterling or invest in the UK. Its share price, which rose 25p on Thursday on speculation that the AGM *decision might lead to* a bid for the trust, yesterday fell *back 30p to close* at 292p.

Chetwynd Streets

The offer for sale of shares in Chetwynd Streets, advertising and public relations group, has been 23 times oversubscribed.

Morgan Grenfell, sponsor to the issue announced yesterday that about 20,700 applications had been received for 57.6m shares, compared to the 2.4m shares being offered.

The basis of allocation will favour larger investors over smaller ones. Applications for fewer than 7,000 shares will be subjected to a weighted ballot for 300 shares; applications for between 7,500 and 9,500 will get 400 shares; between 10,000 and 12,000 will get 500 shares, and over 12,000 will get about 4 per cent of the number applied for up to a maximum of 20,000 shares.

Preferential applications were received from 90 employees for 394,000 shares, compared to 239,000 shares which had been reserved for them.

● *The offer for sale of shares* in Lexicon, makers of digital *audio equipment, closed* yesterday oversubscribed. The offer *attracted 1,969 applications for a* total of 6.32m shares.

Applications for up to 500 shares will receive the full *amount, while* those for 1,000 and above will receive about 53 per cent of the amount applied for.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Canvermoor		2.44‡	Feb. 21	2.44	3.64	3.64
A. Cohen	int	3.3	—	3.3	—	10.8
Gibbs Mew	int	1.1‡	April 7	1.1	—	2.56
Greene, King	int	1.71	Feb. 7	1.54	—	4.97
Hampton Trust	int	0.35	Jan. 30	0.35	—	0.7
Philip Harris	int	3.75	Jan. 24	3	—	7.75
Hardys & Hansons		11.9	—	10.4	16.9	14.9
A. Monk	int	2	Feb. 10	2	—	6.5
Piccadilly Radio N/V		1.13‡	—	1	1.88	2
Piccadilly Radio A		2.25‡	—	2	3.75	4
Radio Clyde		2‡	Jan. 31	2	3.25	3.25

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

INTERNATIONAL COMPANIES and FINANCE

Downturn at affiliates hits Mitsui's net earnings

BY YOKO SHIBATA IN TOKYO

MITSUI, the big Japanese trading company, suffered a 53.7 per cent plunge in consolidated net profits to Y2.07bn ($10.1m) in the first six months ended September 30, from Y4.46bn a year earlier, due to a sharp fall in combined profits of 301 affiliates in Japan and abroad.

The contribution from these companies, accounted for under the equity method, dropped from Y7.12bn to only Y230m.

As a result, Mitsui's per share net earnings fell from Y4.53 to Y2.10, much lower than the parent company's per share net earnings of Y4.27.

Consolidated operating profits came out at Y35.94bn, down 19.6 per cent, reflecting lower earnings at 86 consolidated subsidiaries and a decline in the ratio of gross profits to sales from 2.15 per cent to 1.94 per cent. This was dragged down by increased losses in Mitsui's aluminium smelting subsidiary.

Total sales rose 8.4 per cent from Y8,490bn to Y9,206bn. Offshore transactions surged by 24.3 per cent to Y2,641bn, thanks to brisk sales of oil and gas, and machinery. However, exports dropped by 1.8 per cent to Y1,436bn, affected by a lack of overseas construction works, and decline of steel exports. Imports rose only by 0.8 per cent and domestic transactions moved ahead by 7.3 per cent.

For the year as a whole, Mitsui aims to secure consolidated net profits at the previous year's level of Y10.11bn. Owing to sharp appreciation of the yen against the dollar since late September, full year consolidated sales would remain at the previous year's level at Y17.6 trillion.

Mitsui's results contrast sharply with those of Mitsubishi Corporation, with which Mitsui is vying for position as Japan's leading trading house. Earlier this week, Mitsubishi reported a 21.6 per cent jump in consolidated net profits to Y20.49bn in the half-year to September.

● Kubota, Japan's leading manufacturer of farm equipment and machinery, yesterday reported a 24.4 per cent fall in consolidated net earnings for the first half ended October 15 to Y5.05bn from Y6.68bn a year earlier.

The fall was blamed on foreign exchange losses. Sales rose 5.4 per cent from Y299.7bn to Y316bn while income per American Depository Share fell to Y97 from Y132.

Exports, which account for about 29 per cent of total revenue, rose 5.2 per cent to Y71.02bn from Y67.49bn. Sales from the farm and industrial equipment division, by far the largest division, increased 8.8 per cent to Y150.27bn from Y138.11bn.

The pipe division sales rose 3.3 per cent to Y81.19bn from Y78.58bn.

The company did not make a prediction about its full fiscal year earnings or sales.

Hong Kong flotation for Sime Darby unit

By David Dodwell in Hong Kong

SIME DARBY, Hong Kong, the automotive, construction equipment, engineering and property group controlled by Sime Darby Berhad of Malaysia, is to seek a listing on the Hong Kong stock markets with an offer of 25 per cent of its shares. The offer will raise about HK$193m (US$24.7m).

The company plans to offer 117m shares, each with a nominal value of 50 cents, at an issue price of HK$1.65 a share. This will capitalise the company on listing at about HK$770m.

Of the shares on offer, one-third will be new, and two-thirds sold by the Sime Darby group. The offer has been wholly underwritten by N. M. Rothschild in Hong Kong.

Mr Barry Buttifant, the company's chief executive, yesterday failed to give specific reasons why the flotation was thought necessary, or to detail how the funds would be used. He noted that the company would be established as an independent company, with a strong balance sheet, which would be "well poised" to expand its business organically, and to take up investment opportunities as they arose.

Sime Darby Hong Kong employs about 1,800 people in the British territory and in Macao and China. Construction sales are mainly of Caterpillar machines and engines, while in the automotive field, it is agent in Hong Kong for Mitsubishi, BMW, Ford and Alfa Romeo. Business in China is based on China Engineers, and Sime Darby Motors, two wholly-owned subsidiaries.

After the flotation the company will be a 75 per cent subsidiary of Sime Darby Far East. This in turn is a wholly-owned subsidiary of Sime Darby Berhad in Malaysia.

Mr Buttifant said yesterday that earnings in the current financial year will be not less than HK$84m, contributing about 27 per cent of the parent group's net earnings.

A prospectus providing details of the offer will be published next Tuesday.

Hutton sees deficit in fourth quarter

BY TERRY DODSWORTH IN NEW YORK

THE LONG catalogue of troubles at E. F. Hutton, the Wall Street securities group, lengthened still further yesterday when the company said that it expected a fourth quarter loss as a result of additions to reserves and trading losses.

In the announcement, which follows an earlier legal wrangle over Hutton's cheque overdrafting practices, the company indicated that it is establishing a $24m reserve to cover potential losses for second and third mortgages purchased from First American mortgage of Baltimore.

First American closed its doors late last month after selling millions of dollars of loans to Hutton and a number of thrift institutions.

At the same time, Hutton has revealed that in the two months to the end of November it incurred a loss of about $7m. In documents filed with the US Securities and Exchange Commission (SEC) to cover a common stock offering, it said the deficit was mainly the result of a combination of trading losses in taxable fixed income and related hedging losses.

Hutton, which is one of the leading US retail brokerage houses, added that although retail revenues had been very strong in October and November, these had been insufficient to offset its trading losses. As a result of these losses and the new reserve, it expected to incur a loss for the final quarter of the year.

Only six weeks ago, Hutton came to a court settlement with th SEC over criticism of profits it had made through using overdraft funds. The company was reprimanded for failing to maintain adequate internal controls, and agreed to the appointment of an auditor to review its practices.

At the same time, the SEC attacked Hutton over alleged deficiencies in various mutual funds.

Hutton's shares fell $1 to $35¼ in early trading yesterday. The common stock offering of 3m shares is expected to go ahead next week.

Orenstein buys German rival

BY PETER BRUCE IN BONN

ORENSTEIN & KOPPEL (O & K), one of West Germany's biggest construction equipment producers, is buying a controlling interest in an important German competitor, Faun, in a move which will create a group with combined sales of DM 2bn ($797m).

O & K, a subsidiary of the Hoesch steel group, hailed the move as its "answer to the challenge of the world market." Yesterday the move was being widely hailed as one of the most important developments to hit the European construction equipment industry since the demise of IBH.

O & K is particularly strong in large excavators and mining shovels, and the acquisition of 51 per cent of Faun will add a broad range of high quality equipment, including dump trucks, smaller graders, and mobile cranes, to its output.

Hoesch has been looking for ways to expand O & K's markets and recently failed, after long and sometimes acrimonious negotiations, to acquire PHB Weserhuette, the country's biggest manufacturer of bulk materials handling equipment.

Faun had sales last year of DM 665m, more than 70 per cent abroad. O & K has reported a sharp increase in its sales this year, following a total DM 1.2bn in 1984.

Both groups have been forced to enter new markets abroad in the past three years because the domestic construction industry has suffered a serious collapse. Faun, a family owned business, has good markets in Eastern Europe, the European Community countries and North Africa.

Montedison and Hercules in polypropylene venture

BY ALAN FRIEDMAN IN MILAN

AN EQUALLY owned joint venture to manufacture polypropylene film and fibre for the European market is to be formed by Montedison, Italy's leading chemicals group, and Hercules, the Delaware-based US corporation.

The two companies already co-operate via their Himont polypropylene joint venture, formed in 1983. Himont last year achieved $73.1m of net income on $909.2m of sales and claims 20 per cent of world polypropylene production.

The new European company will bring together the Hercules polypropylene film business at Brantham, Essex (in the UK) as well as Montedison's Moplefan film subsidiary at Terni, north of Rome. Also to be included in the new venture will be a Himont fibre plant, also at.

The venture hopes to capture 31 per cent of the European market in continuous filament fibre and 21 per cent of staple, with a 15 per cent share of the European market in polypropylene film, used in products such as cellophane wrapping for cigarette packets and in the food industry.

The annual turnover of the joint venture, on a pro forma basis for 1985, would total $151m. Production among the plants to be merged comes to 77,000 tonnes a year of fibres and film, which is used in the packaging industry. The Moplefan plant in Italy employs 850 people, while the Himont plant at Terni has a workforce of 540. The Essex plant has a staff of 120.

Mr Alexander Giacco, Hercules chairman and chief executive, said yesterday that world market conditions made it "practical to form a joint venture with Montedison in order to maintain the position of leadership in the film and fibre markets." He described Hercules' experience with Montedison in Himont as "highly satisfactory and rewarding."

Mr Mario Schimberni, chairman of Montedison, said the joint venture would "complete the process of pooling the European polypropylene related businesses of the two companies."

Landis and Gyr raises profits by 25%

BY JOHN WICKS IN ZURICH

LANDIS AND GYR, the Swiss electrical engineering group, has increased net profits to SFr 75.5m ($36m) for the year ended September 1985, an increase of almost 25 per cent.

The profits formed part of group cash-flow, which was up 11.7 per cent to SFr 143m. This was more than enough, said Mr Dieter Syz, the management chairman, to cover a SFr 24m increase in capital spending to SFr 97m.

Turnover rose 18.8 per cent to SFr 1.58bn. All sectors and product groups contributed to the increase, which followed on from a 13.1 per cent rise in new order value to SFr 1.44bn in 1983-84.

In the past year orders rose by a further 11.3 per cent to SFr 1.6bn. Mr Syz said that Aeronautical and General Instruments, the UK-based company which it acquired in February, had substantial order books.

Schneider in computer link-up

JEUMONT-SCHNEIDER, the private sector French telecommunications, energy and transport group, is linking with the Sema-Metra computer services company to boost the two companies' expertise in industrial applications of information technology, writes **David Marsh** in Paris.

Cerci, a subsidiary of Jeumont-Schneider which specialises in putting together computerised industrial systems, will transfer know-how to Sema-Metra. In return, Jeumont-Schneider is taking a 5 per cent stake in Sema-Matra.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$320	8	8	—	—	—	—	$318.90
GOLD C	$340	6	5	1	6.50	—	—	"
GOLD P	$300	—	—	—	—	25	5.50	"
GOLD P	$320	18	8	—	—	—	—	"
GOLD P	$340	—	—	6	24	—	—	"
		Dec.		March		June		
SILVER C	$550	—	—	—	—	4	80	$590
SILVER C	$600	—	—	—	—	12	40	"
£/FR C	FR405	—	—	5	6.30	—	—	Fr408.66
£/FR C	FR410	—	—	25	3.50	1	5	"
£/FR P	FR410	—	—	201	10.50	1	17.20	"
$/FL C	Fl.275	—	—	—	—	30	12.80B	Fl.283.95
$/FL C	Fl.280	—	—	160	8	—	—	"
$/FL C	Fl.285	24	1.30B	72	5.50	—	—	"
$/FL C	Fl.290	20	0.50	—	—	—	—	"
$/FL C	Fl.300	—	—	30	1.80	7	3.50	"
$/FL C	Fl.305	—	—	—	—	20	2.50	"
$/FL P	Fl.275	—	—	25	4.50	27	8	"
$/FL P	Fl.280	32	1	4	6.50A	—	—	"
$/FL P	Fl.285	106	2.80	7	9A	4	12.80	"
$/FL P	Fl.290	9	6.60	105	11	27	15.50	"
$/FL P	Fl.295	106	11.80A	5	15.70A	—	—	"
$/FL P	Fl.300	11	17	—	—	—	—	"
$/FL P	Fl.315	100	31	—	—	—	—	"
£/$ C	$125	120	19.25	—	—	—	—	$143.90
£/$ P	$155	444	0.05	—	—	—	—	"
£/$ P	$240	250	0.20	—	—	—	—	"
		Jan.		Apr.		July		
ABN C	Fl.540	275	14.80	67	27	13	30	Fl.548
ABN P	Fl.520	105	2.10	17	6.50B	5	14	"
AEGN C	Fl.110	73	2.50	177	6	3	8.20	Fl.108.10
AEGN P	Fl.100	20	0.60	61	2.50	—	—	"
AH C	Fl.80	—	—	102	2.80	4	4.10	Fl.75.30
AH P	Fl.70	—	—	113	1.80	2	3.50	"
AKZO C	Fl.140	432	2.40	183	6.30	67	7.90	Fl.136.50
AKZO P	Fl.130	96	1.10	57	3.50	6	6.50A	"
AMRO C	Fl.100	53	2.40	69	4.80	42	6	Fl.97.10
AMRO P	Fl.95	8	1.20	64	3.40	1	5	"
GIST C	Fl.260	192	4.20	42	10.20	5	14	Fl.252
GIST P	Fl.250	55	5.50	—	—	—	—	"
HEIN C	Fl.220	6	3.40	34	7.50	—	—	Fl.213.10
HEIN P	Fl.260	50	0.20	—	—	—	—	"
HOOG C	Fl.75	458	4.50	235	7.40	60	8.20	Fl.77.50
HOOG P	Fl.80	112	3.50	11	5	—	—	"
KLM C	Fl.50	488	5.60	43	7.70	35	9	Fl.54.90
KLM P	Fl.55	276	2	42	3.90	—	—	"
NEDL C	Fl.200	3	6.90A	106	13.50	—	—	Fl.200
NEDL P	Fl.160	50	0.10	—	—	—	—	"
NATN C	Fl.80	51	3	320	5.80	10	6.20	Fl.81.70
NATN P	Fl.80	76	1.30	7	3	—	—	"
PETR C	Fr.6000	13	630	—	—	—	—	Fr.6620
PETR P	Fr.6000	—	—	10	60	—	—	"
PHIL C	Fl.60	502	0.50	845	2.20B	169	5	Fl.56.90
PHIL P	Fl.50	121	0.40	17	1.10	—	—	"
RD C	Fl.180	974	2.50	1325	7	309	8.40A	Fl.173.80
RD P	Fl.180	649	7.60	392	9	186	13.80	"
ROBE C	Fl.77.50	15	4.30	25	4.70	—	—	Fl.80.90
ROBE P	Fl.75	...	—	—	—	6	1	"
UNIL C	Fl.380	79	11	17	21	—	—	Fl.384.50
UNIL P	Fl.340	16	0.60B	16	3.70	50	6.50	"

TOTAL VOLUME IN CONTRACTS: 26,592

A=Ask B=Bid C=Call P=Put

Swedish paper producer in SKr 300m takeover

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

HOLMEN, the Swedish forest products group and Europe's biggest newsprint producer, is to acquire Fiskeby, a smaller Swedish forest products company, for around SKr 300m ($39m).

The takeover marks a further step in the continuing restructuring of the Scandinavian pulp and paper industry with a growing concentration of ownership. It will enable Holmen to diversify into other product areas, chiefly hygiene tissue products, sack paper, fluting and wrapping paper.

When the deal is completed the new concern will have annual sales of some SKr 6bn and a workforce of 7,000. Both companies are located in the same region of south-eastern Sweden.

Fiskaby, which is owned by the Swedish co-operative movement, had sales last year of more than SKr 2bn and profits of SKr 140m before tax and allocations. Its board division is not included in the deal.

As a result of the acquisition — an all share deal — KF Industri, the industrial holding company of the Swedish Co-op, will become one of the main shareholders in Holmen with a stake in excess of 10 per cent.

Last year the group had profits of SKr 301m on a turnover of SKr 3.4bn. The biggest shareholder in Holmen is Dagens Nyheter, Sweden's largest morning newspaper, with 18.9 per cent of the equity.

Irish Telecom blames heavy debts for loss

By Hugh Carnegy in Dublin

State-owned Telecom Eireann, Ireland's biggest employer outside the direct government sector, yesterday reported losses of I£82.7m ($100m) in its first 15 months of trading, mainly due to heavy debts associated with a major investment programme.

TE, with assets of I£1.3bn, was set up in January 1984 after the Government decided to split telecommunications from the postal service. It remains wholly state owned, with no plans for privatisation, but receives no government subsidy.

Mr Michael Smurfit, TE chairman, said the losses were in line with expectations. The profit and loss account from the company's inception to April 1985 showed financing charges of I£136m against turnover of I£493m.

Mr Smurfit said TE, which employs 16,000 people, was confident of breaking even in 1987-88 and would not be seeking government subsidies to finance its losses. The company projects losses of I£45m in 1985-86 and said it had already shown an improvement over the past six months, mainly because of favourable exchange and interest rate movements.

TE's total debt in April stood at I£967m, half of it in foreign currency and much of it inherited when it took over from an interim Telecom Board. The money has been spent on a big modernisation programme, including sophisticated digital exchanges and a ground link to Intelsat.

ACM bid for Austamax accepted

AMAX, the US international natural resource group, has accepted the bid for its 81.2 per cent holding in Austamax Resources from Australian Consolidated Minerals. The merger will create an Australian mining house with net assets of A$145m (US$100m or £69m), writes **Kenneth Marston, Mining Editor.**

It will also spread the ACM mining interests from gold alone into base metals, notably via the Austamax holding of 31.16 per cent in the good grade Golden Grove zinc-silver-copper underground mine prospect in Western Australia.

Also holding stakes of 31.16 per cent in Golden Grove are Esso and North Broken Hill. Aztec has the remaining 5.5 per cent.

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd.	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%, 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 8.00% gross.
‖ 21-day deposits over £1,000 9.25%.
¶ Mortgage base rate.
§ Demand dep. 8% Mortgage 13%.

Royal Bank Canada

Royal Bank of Canada's fiscal 1985 net earnings were C$488.1m (US$353.7m), not C$438.1m as printed in a table accompanying yesterday's scene on Canadian banks.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*543)	500	58	73	83	4	12	16
	550	25	40	54	20	38	45
	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cable&Wire.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Distillers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar Hse	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BAT Inds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aero	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BritTelecom	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LONRHO	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*425)	360	75	-		1½	-	-
	390	45	48		5	7	-
	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Dec.	Mar.	June	Dec.	Mar.	June
Ex 10¼ 1989	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 1991	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Dec.	Mar.	June	Dec.	Mar.	June
BTR	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Glaxo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Thorn EMI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Dec.	Jan.	Feb.	Mar.	Dec.	Jan.	Feb.	Mar.
FT-SE Index (*1381)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 13 Total contracts 14,557 Calls 9,929 Puts 4,628
*Underlying security price

WORLD STOCK MARKETS

NEW YORK

WALL STREET

Rumours of cut in rates boost prices

THE New York stock market was sharply higher in early afternoon with rumours of an imminent cut in the discount rate fuelling investor interest. The Dow Jones Industrial Average was up 1.27 at 1,530.50 and advances led declines by an 11-to-four margin in heavy turnover, put at 113.73m shares. Transports were up 1.80 at 723.08 and Utilities were ahead 0.82 at 167.83.

RCA led the actives issues, rising 25 cents to $59¼. Brokers said there were signs of an "old-fashioned buying stampede" by institutions and small investors alike. They added that demand for stocks combined with a supply vacuum had driven prices up.

Sears Roebuck was off ⅛ to $39⅞ with 500,000 shares trading. Texaco, fighting an $11bn judgment it lost to Pennzoil, was up 25 cents at $29¼.

CANADA

Canadian stock prices pushed ahead in active trading, with all main stock groups participating. The Composite index rose 10.83 points to 2,862.58 on a volume of 8.2m as winners outpaced losers 312 to 233. Oils continued their modest rebound after sliding earlier this week. Imperial Oil Class "A" added 25 cents to C$51⅞ while Husky edged up ⅛ to C$9¼. Texaco Canada fell 75 cents to C$29⅛. Golds also recovered moderately as Lac Minerals gained 25 cents to C$35¼ and Echo Bay rose ⅛ to C$17⅞.

Topping actives was Southam, up 25 cents to C$16. Bell Canada rose by the same amount to C$41⅞, Gulf Canada rose ⅛ to C$20¼, but Canadian Tire Class "A" was down ⅛ at C$11⅜. Dylex Class "A" rose ⅛ to C$16¼. In Minings, Placer was up ⅛ to C$23¼, Teck Class "B" put on ⅛ to C$16⅝. But Noranda was unchanged at C$14⅜.

Buoyed by the rally on Wall Street, Seagram rose ⅞ to C$64 and Northern Telecom added ⅛ to C$47⅞.

TOKYO

Japanese share prices moved up strongly in heavy trading and the Nikkei stock average, which rose 78.28 points on Thursday, gained another 57.70 to close at 13,107.98.

Prices continued to rise on positive market sentiment generated by the trend in New York and the belief that Japanese short-term interest rates will decline early in 1986.

Gains were largely made in the electrical sector. Sony, Mitsubishi Electric and Yaskawa Electric were all up. Electric power companies continued to gain on the belief that oil prices may weaken further. Real Estate issues and Securities companies were higher but Banks were lower. Pharmaceuticals were mixed.

SINGAPORE

Share prices rose across the board on speculative buying and short-covering in quiet trading. The Straits Times industrial index gained 11.04 points to 655.13 and the Stock Exchange all shares index 3.24 to 244.30. Turnover declined to 8.4m shares. Genting led the actives with a turnover of 503,000, to close eight cents higher at S$4.48. Promet also rose as did Malayan United Manufacturing which put on three cents to S$1.36.

GERMANY

German share prices closed a busy session near the day's peak after the Commerzbank share index broke a record to end at 1,811.2 and foreign investors flooded back. There was also considerable activity by domestic operators. Renewed interest was spurred by year-end rallies at bourses around the world. Interest shifted from banks to Motors during the day.

Banks rose led by Deutsche Bank after speculation that it had placed a large part of Flick's Daimler shares in Japan. It gained DM 11.50 to DM 767. Commerzbank gained DM 6.50 to DM 292, BHF rose to DM 494.50 and Dresdner added DM 1 to DM 365.50.

Daimler led Motors higher putting on DM 33 to DM 1,210 on profit expectations. VW also gained DM 15.40 to DM 426.40 and BMW rose DM 16.50 to DM 566.

In chemicals, BASF rose to DM 269.30, Bayer rose DM 1.50 to DM 261, Hoechst jumped DM 3.50 to DM 263.30, but Schering was unchanged at DM 625.

Siemens rose DM 4.90 to DM 666.40 in Electricals, but AEG shed DM 1.20 to DM 230.80. High-tech PKI lost DM 12 to DM 707.50 and Nixdorf surrendered DM 5 to DM 535, although SEL gained DM 1.50 to DM 317.50. Retailer Karstadt was unchanged, but Kaufhof lost DM 3 to DM 340. Degussa lost DM 1 to DM 425, but Preussag gained DM 6 to DM 246. Thyssen edged up 30 pfennigs to DM 178.90, but Hoesch was down to DM 166.50.

AUSTRALIA

Australian shares closed easier with a further decline in Golds and resource stocks. By the close, the All Ordinaries index had fallen 1.7 points to 976.0, the All Industrials 1.2 to 1450.1 and the All Resources 1.9 to 610.6. The Gold index was down 11.5, its fourth consecutive fall. Turnover was 66.9m shares with falls outnumbering rises by 229 to 147.

ZURICH

Swiss shares closed slightly higher despite the record set by Thursday's indices.

by Thursday's indices. Attention centred on UBS registered, which had to be suspended for a short time. It was later traded at SFr 1,000 and closed at SFr 980 after Thursday's 930. UBS bearer rose 145 to SFr 5,220. Other bank's also rose although Bank Leu bearer declined to SFr 4,200.

Transports were easier after profit-taking. In Financials Holderbank and Moevenpick recorded some gains while the Schindler and Hasler registered declined. Insurances drifted slightly higher, although Swiss Reinsurance bearer and registered were lower.

In Chemicals, Ciba-Geigy bearer gained 50 to SFr 3,650 while Hoffman-La Roche "baby" shares recorded minor losses.

Engineering BBC and Fischer were little changed, but Sulzer registered dropped 60 to SFr 2,500, and its participation certificate fell 12 to SFr 475. Nestle bearer in Foods rose 75 to SFr 8,150.

AMSTERDAM

Dutch share prices continued to gain ground from the marginally firmer levels, despite the approach of the weekend. Buoyant local sentiment, the relative stability of the dollar and a further surge in on Wall Street contributed to the market's strength. Cautious optimism on the oil market pushed Royal Dutch Shell up again to end the session Fl 2.10 higher at Fl 173.60.

STOCKHOLM

Swedish shares closed sharply higher, led by drug producer Fermenta, which jumped SKr 25 to an all-time high of SKr 223 in very active trading. Turnover was unusually high, although below Thursday's record level. Renewed optimism about Sweden's economic prospects and declining domestic interest rates again combined to boost the market. The Veckans Affarer all-share index rose to a new 1985 high for the second day running at 589.6 from Thursday's 580.4 and advances outpaced declines by 136 to 41.

Electrolux climbed to SKr 191 in active trading. SKF "B" also set a record, rising to SKr 289. In Pharmaceuticals, Astra rose to SKr 510, while Pharmacia edged one higher to SKr 186. Volvo "B" free climbed 14 in active trading and closed at SKr 321. Ericsson rose six to SKr 225.

MILAN

Italian shares closed largely lower in active trading characterised by book-squaring on the first day of the month's end. Industrials suffered, with Fiat falling to L5,420 and Italcementi dropping to L51,050. Pirelli SpA lost L54 to close at L3,221 and Montedison eased to L2,525 from Thursday.

Closing prices for North America were not available for this edition.

CANADA

AUSTRIA

GERMANY

NORWAY

AUSTRALIA (continued)

JAPAN (continued)

BELGIUM/LUXEMBOURG

SPAIN

SWEDEN

HONG KONG

DENMARK

ITALY

SWITZERLAND

JAPAN

FRANCE

NETHERLANDS

SINGAPORE

SOUTH AFRICA

AUSTRALIA

Indices

NEW YORK ACTIVE STOCKS

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights xa Ex all. * Price in Schillings.

CURRENCIES and MONEY

FOREIGN EXCHANGES

هكذا من الأصل

Dollar quietly firmer

The dollar finished towards the best level of the day against most currencies. Early trading saw the US unit pushed weaker on expectations of a cut in the US discount rate. However all the rumours currently circulating tended to create disproportionately large moves in currency rates in view of the thin nature of trading ahead of the weekend and Christmas. Short covering and position squaring during the afternoon ensured that the dollar recouped its early losses.

Economic statistics released yesterday, which had apparently inhibited trading earlier in the week, appeared to have little immediate effect. Industrial production rose by 0.4 per cent in November after the October figure had been revised from flat to a fall of 0.4 per cent while producer prices rose by 0.8 per cent. Business inventories rose by 0.5 per cent after a revised 0.1 per cent. While the dollar's background remained bearish, there appeared to be little immediate desire to push it weaker ahead of the weekend.

Against the D-mark the dollar rose to DM 2.5205 from DM 2.5140, having touched a low of DM 2.5050. It was higher against the yen at Y202.50 from Y202.05 and SFr 2.1075 compared with SFr 2.1015. Against the French franc it rose to FFr7.7250 from FFr 7.6825. On Bank of England figures, the dollar's exchange rate index rose to 127.1 from 126.9.

Sterling was slightly firmer overall and its exchange rate index rose to 78.7 from 78.6 on Thursday. This was below the day's best level of 79.0 touched early in the afternoon however. A steadier feel in the oil market helped improve sterling sentiment while Government assertions that interest rates would remain high for as long as necessary also helped to underpin the pound. It closed at $1.4365-1.4375 against the dollar down just 25 points from Thursday.

It was higher against the D-mark however at DM 3.6225 from DM 3.6200 and Y291.00 compared with Y290.75. Against the Swiss franc it improved to SFr 3.0275 from SFr 3.0250 and FFr 11.10 compared with FFr 11.06.

£ IN NEW YORK

	Dec. 13	Prev. close
£ Spot	$1.4345-1.4355	$1.4545-1.4555
1 month	0.44-0.41pm	0.43-0.41pm
3 months	1.29-1.25pm	2.48-2.43pm
12 months	4.35-4.25pm	4.45-4.50pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Dec 13	Previous
8.30 am	78.8	78.0
9.00 am	78.9	78.1
10.00 am	78.9	78.3
11.00 am	78.9	78.6
Noon	78.9	78.6
1.00 pm	79.0	78.5
2.00 pm	78.9	78.6
3.00 pm	78.9	78.6
4.00 pm	78.7	78.6

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4345-1.4465	1.4365-1.4375	0.43-0.40c pm	3.47	1.25-1.20pm	3.41
Ireland†	1.2206-1.2293	1.2218-1.2228	0.27-0.17c pm	2.15	1.00-0.70pm	2.77
Canada	1.3888-1.3900	1.3895-1.3900	0.11-0.14c dis	−1.08	0.35-0.40dis	−1.08
Nethlnd.	2.8200-2.8420	2.8410-2.8420	0.54-0.51c pm	2.23	1.43-1.40pm	2.00
Belgium	51.25-51.48	51.35-51.45	1-2½c dis	−0.41	4-7dis	−0.43
Denmark	9.10½-9.14½	9.14-9.14½	⅜-1⅛ore dis	−1.15	1⅞-2⅜dis	−0.93
W. Ger.	2.5050-2.5230	2.5200-2.5210	0.73-0.68pf pm	3.36	2.02-1.97pm	3.57
Portugal	160-161½	160½-161½	150-350c dis	−18.69	450-1000dis	−18.07
Spain	155.70-156.60	155.90-156.00	60-120c dis	−6.92	250-325dis	7.37
Italy	1,712-1,724	1,723-1,724	15-18 lire dis	−11.54	36-39dis	−8.62
Norway	7.65½-7.68	7.67-7.67½	2½-3ore dis	−4.30	8¼-9¼dis	−4.43
France	7.67¼-7.72¾	7.72¼-7.72¾	2-3c dis	−3.89	7¾-9¼dis	−4.41
Sweden	7.67¼-7.69¾	7.69¼-7.69¾	2⅜-3¼ore dis	−4.68	8-8½dis	−4.29
Japan	201.55-202.85	202.45-202.55	0.05-0.08y dis	−0.39	0.10-0.05pm	0.15
Austria	17.63-17.74	17.67¼-17.67½	1⅛-⅞gro pm	0.81	6½-4pm	1.19
Switz.	2.0955-2.1100	2.1070-2.1080	0.70-0.65c pm	3.85	2.03-1.98pm	3.82

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.70-51.80.

CURRENCY RATES

Dec. 13	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.755376	0.604150
U.S.$	7½	1.08963	0.871789
Canadian $.	9.20	*	1.21179
Austria Sch.	4	19.2701	15.4132
Belgian Fr.	8¾	56.0369	44.8056
Danish Kr.	7	9.94015	7.95290
D mark	4	2.74282	2.19299
Guilder	5	3.08855	2.46960
French Fr.	9½	N/A	6.71278
Lira	15½	N/A	1497.50
Yen	5	220.432	176.319
Norway Kr.	8	8.36291	6.68880
Span'h Pta.	—	N/A	135.956
Swedish Kr.	10½	8.36672	6.70101
Swiss Fr.	4	2.29062	1.83180
Greek Dr'ch	20½	163.521	130.856
Irish Punt	—	N/A	0.711574

* C$/SDR rate for December 11 1.50939

POUND SPOT—FORWARD AGAINST POUND

Dec 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4345-1.4485	1.4365-1.4375	0.43-0.40c pm	3.47	1.25-1.20pm	3.41
Canada	1.9967-2.0065	1.9967-2.0003	0.01c pm-par	0.03	0.02-0.01pm	0.03
Nethlnd.	4.06½-4.09	4.07¾-4.08¾	2½-1⅞c pm	5.88	5¾-5⅜pm	5.45
Belgium	73.75-74.19	73.80-73.90	20-15c pm	2.84	58-57pm	2.84
Denmark	13.13¼-13.17¾	13.13¾-13.14¾	2⅞-2ore pm	2.23	8-7pm	2.28
Ireland	1.1723-1.1786	1.1751-1.1761	0.19-0.06p pm	1.28	0.37-0.03pm	0.68
W. Ger.	3.61-3.63¾†	3.61¾-3.62¾†	2½-2pf pm	7.04	6½-5½pm	6.56
Portugal	229¾-232½	230-231	145-440c dis	−15.23	445-1250dis	−14.71
Spain	224¾-226	224¾-225¾	45-85c dis	−3.47	205-320dis	−4.67
Italy	2467½-2480	2476-2477	15-21lire dis	−8.72	30-38dis	−5.49
Norway	11.02-11.07	11.02-11.03	⅝-1¾ore dis	−1.02	2¼-3dis	−0.95
France	11.05½-11.12¼	11.09½-11.10½	⅝c pm-½ dis	−0.61	1¾-3⅜dis	−0.97
Sweden	11.05-11.08½	11.05¾-11.08¾	⅜-1⅞ore dis	−1.15	1¾-2⅞dis	−0.75
Japan	290¼-292	290½-291½	0.09-0.06y pm	0.31	0.28-0.25pm	0.36
Austria	25.45-25.51	25.45-25.49	10⅞-8⅞gro pm	4.56	32⅞-27⅞pm	4.73
Switz.	3.02-3.03½	3.02¾-3.03¾	2-1⅝c pm	7.43	5⅝-5⅛pm	7.18

Belgian rate is for convertible francs. Financial franc 74.30-74.40. Six-month forward dollar 2.47-2.43c pm. 12-month 4.36-4.26c pm.
† Correction (Dec. 12). D Mark spread 3.58¾-3.62½, close 3.61½-3.62½.

CURRENCY MOVEMENTS

Dec. 13	Bank of England Index	Morgan Guaranty Change %
Sterling	78.7	−12.1
U.S. dollar	127.1	+16.2
Canadian dollar	81.5	−10.8
Austrian schilling	120.9	+5.9
Belgian franc	93.3	−9.6
Danish Kroner	93.2	−3.5
Deutsche mark	130.0	+11.2
Swiss franc	151.0	+12.6
Guilder	120.1	+6.6
French franc	69.6	−11.8
Lira	44.1	−19.8
Yen	177.5	+29.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

EXCHANGE CROSS RATES

Dec 13	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.437	3.623	291.0	11.10	3.028	4.083	2477.	1.999	73.85
$	0.696	1.	2.521	202.5	7.725	2.108	2.842	1724.	1.391	51.40
DM	0.276	0.397	1.	80.33	3.064	0.836	1.127	683.6	0.552	20.39
YEN	3.436	4.938	12.45	1000.	38.14	10.40	14.03	8510.	6.868	253.8
F Fr.	0.901	1.295	3.264	262.2	10.	2.727	3.678	2231.	1.800	66.53
S Fr.	0.330	0.475	1.197	96.12	3.666	1.	1.341	818.0	0.660	24.39
H Fl.	0.245	0.352	0.887	71.28	2.719	0.742	1.	606.6	0.490	18.09
Lira	0.404	0.580	1.463	117.5	4.482	1.222	1.648	1000.	0.807	29.82
C $	0.500	0.719	1.813	145.6	5.554	1.515	2.043	1239.	1.	36.95
B Fr.	1.354	1.946	4.905	394.0	15.03	4.100	5.528	3353.	2.706	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

OTHER CURRENCIES

Dec. 13	£	$
Arg'tina	1.1540-1.1563	0.8000-0.8010
Aus'alia	2.1010-2.1050	1.4580-1.4595
Brazil	14,164-14,226	9,805-9,855
Finland	7.8910-7.9110	5.4860-5.4950
Greece	214.07-218.69	148.40-151.50
H'Kong	11.2225-11.2325	7.8045-7.8065
Iran	121.50*	85.00*
Kuwait	0.4151-0.4186	0.28905-0.29010
Lux'burg	73.80-73.90	51.35-51.45
Malay'ast	3.4920-3.5020	2.4285-2.4305
N'Z'land	2.7625-2.7625	1.9100-1.9175
Saudi Ar.	5.2455-5.2510	3.6505-3.6515
Sin'pore	3.0520-3.0620	2.1225-2.1245
S.Af.(Cm)	3.7740-3.7940	2.6245-2.6380
S.Af.(Fn)	4.8340-5.0080	3.3615-3.4785
U.A.E.	5.2765-5.2820	3.6720-3.6735

* Selling rate.

EURO-CURRENCY INTEREST RATES

Dec. 13	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmrk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B.Fr.(Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	8⅛-8⅜	8⅛-8¼	8¼-8⅜	7⅝-7¾	7⅛-7½	6⅞-7⅛
D. Krone	8¾-9¼	8¾-9¼	9-9½	9-9½	9¼-9¾	9¼-9¾
Asian $ (Sng)	7⅞-8	8-8⅛	8-8⅛	7⅞-8⅛	7⅞-8⅛	8⅛-8⅜

Long-term Eurodollars: two years 8⅞-8¹¹⁄₁₆ per cent; three years 8¾-9 per cent; four years 9⅛-9⅜ per cent; five years 9¼-9½ per cent nominal. Short-term rates are called for US dollars and Japanese yen; others, two days' notice.

MONEY MARKETS

UK rates little changed

Interest rates were little changed in London yesterday. The pound's steadier performance prompted some period rates to shed the odd sixteenth of a point but a flattening of the yield curve tended to reflect market uncertainty about the future course of UK interest rates.

Three-month interbank money eased to 11⅝-11¾ per cent from 11¹¹⁄₁₆-11¹³⁄₁₆ per cent while three-month eligible bank bills were bid at 11⁹⁄₃₂ per cent, unchanged from Thursday. Weekend interbank money opened at 11⅜-11½ per cent and eased to 11 per cent before finishing nearer 12½ per cent.

UK clearing banks base lending rate 11½ per cent since July 30

The Bank of England forecast a shortage of around £700m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £447m and a rise in the note circulation of a further £330m. These were partly offset by Exchequer transactions which added £60m and banks' balances brought forward £25m above target.

The forecast was revised to a shortage of around £750m and the Bank gave assistance in the morning of £272m. This comprised purchases of £1m of eligible bank bills in band 1 at 11⅜ per cent and £147m in band 2 at 11⁵⁄₁₆ per cent. In band 3 it bought £1m of Treasury bills and £51m of eligible bank bills all at 11¼ per cent and in band 4 £72m of eligible bank bills at 11³⁄₁₆ per cent.

The forecast was revised once again before taking into account the early help to a shortage of around £700m and the Bank gave additional assistance of £236m in the afternoon comprising purchases of £223m of eligible bank bills in band 2 at 11⁵⁄₁₆ per cent and £13m in band 3 at 11¼ per cent. The Bank also provided late assistance of £50m, making a total of £558m.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 13)

Three months U.S. dollars		Six months U.S. dollars	
bid 7 15/16	offer 8 1/16	bid 7 15/16	offer 8 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Dec. 13	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.25-4.35	4.75-4.90	4.75-4.90	4.75-4.85	4.75-4.90	5.5
Paris	9	8¹¹⁄₁₆-8¹³⁄₁₆	8¹¹⁄₁₆-8¹³⁄₁₆	8¹³⁄₁₆-8¹⁵⁄₁₆	8¹³⁄₁₆-9¹⁄₁₆	8¾
Zurich	⅞-1⅛	4¹³⁄₁₆-4⅞	—	4⅞-4¹⁵⁄₁₆	—	—
Amsterdam	5⅝-5⅝	5⅝-5⅞	—	5⅝-5¹¹⁄₁₆	—	—
Tokyo	8.46875	8.34375	8.15625	7.86135	—	—
Milan	14⅝-15	16⅛-15½	—	14⅝-15	—	—
Brussels	4.10	8⅝-8¾	—	8⅝-8¾	—	—
Dublin	9¼-9½	10¼-10½	10⅝-10⅞	10¾-11	11¼-11½	—

LONDON MONEY RATES

Dec. 13	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-12½	11⅝-11⅞	11⅝-11¾	11⅝-11¾	11⅝-11¹¹⁄₁₆	11½-11½
Sterling CDs	—	—	11¹³⁄₁₆-11¹¹⁄₁₆	11⅝-11¹¹⁄₁₆	11½-11⁹⁄₁₆	11⅜-11⁷⁄₁₆
Local Authority Depos	11¼-11⅝	11¼ 11⅜	11⅝	11⅝	11½	11¼
Local Author'y Bonds	—	—	11¹¹⁄₁₆	11¹¹⁄₁₆	11⁹⁄₁₆	11⅞
Discount Mkt Depos	11-11⅝	11¼-11⅜	11½	11¼	—	—
Company Depos	11⅝-11½	11⅝-11⅝	11⅞	11⅞	—	—
Finance Hse Depos	—	—	11⅝	11⅝	11⅝	11½
Treasury Bills (Buy)	—	—	11⅛	11⁷⁄₃₂	—	—
Bank Bills (Buy)	—	—	11¹¹⁄₃₂	11⁹⁄₃₂	11	—
Fine Trade Bills (Buy)	—	—	11²¹⁄₃₂	11¹⁹⁄₃₂	11⅝	—
Dollar CDs	—	—	7.90-7.95	7.8-7.9	7.80-7.90	7.9-8.0
SDR Linked Depos	—	—	8⅛-8³⁄₁₆	8-8¼	8-8¼	7⅞-8⅛
ECU Depos	—	—	9⅛-9¼	9⅛-9⁵⁄₁₆	9⅛-9⅜	8⅞-9

Treasury Bills (sell): one-month 11⅛ per cent; three-month 11³⁄₃₂ per cent. Bank Bills (sell): one-month 11⁵⁄₁₆ per cent; three-month 11³⁄₃₂ per cent. Average tender rate at discount 11.1583 per cent. ECGD Fixed Treasury Bills: Average tender rate at discount 11.1583 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1, 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (nil). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11¾ per cent; three-six months 11¾ per cent; six-nine months 11½ per cent; nine-12 months 11¾ per cent. Under £100,000 10¾ per cent from December 12. Deposits held under Series 5 11½ per cent. Deposits withdrawn for cash 7½ per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Coffee export quotas may be lifted soon

BY ANDREW GOWERS

THE COUNTDOWN began yesterday towards the complete suspension of coffee export controls, as the International Coffee Organisation's 15-day moving average price moved above 150 cents a pound for the first time since May 1984.

Coffee prices have been rising virtually without interruption all week on the London and New York futures markets in anticipation of severe drought damage next year to the Brazilian crop, which normally accounts for about 30 per cent of world exports. The London robusta futures market closed last night at £2.148 per tonne, £99 up on the week and its highest level for six months.

But arabica futures, traded in New York, have risen much more sharply, reflecting the market's concern about availability of good-quality coffees. Yesterday, the New York market rose by its full six-cent limit, and arabica is now quoted at its highest premium to robusta since 1981.

The ICO, which aims to keep prices within an agreed range throgh the operation of an elaborate system of export controls, yesterday responded to the continuing increase by releasing a further 3m 60-kilo bags of coffee on to the market.

This took total export quotas for the 1985-86 coffee year to 63m bags, well in excess of last year's initial total quota of 61m and of demand, estimated by the ICO at 56m bags.

But the release was already well discounted in the market. Although consumers are well stocked at present and there is no immediate shortage of coffee, traders are clearly expecting considerable tightness in supplies next summer, as the Brazilian crop is harvested.

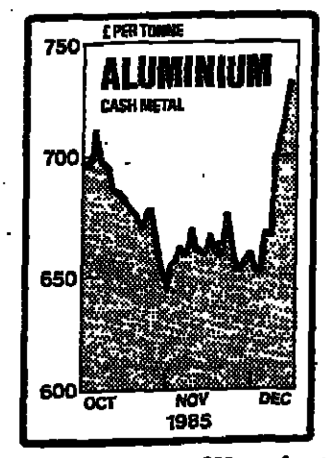
The crop is expected to be about half of this year's 30m bags. Yesterday, the Brazilian authorities underlined the seriousness of the situation by declaring a state of emergency in the two worst-hit states, Rio Grande do Sul and Santa Catarina.

The ICO 15-day average price was yesterday quoted at 150.09 cents per pound, and is certain to rise further in the next few days. If it remains above 150 cents for 45 consecutive market counted from now), quotas will have to be suspended altogether.

Although a suspension of quotas is fully provided for under the present International Coffee Agreement, the move could spark the most serious upheaval in the ICO since the 1970s.

Big exporters like Brazil and Colombia, for which coffee is a key source of foreign exchange revenue, fear that the result would be a free-for-all on the world market — one from which the coffee pact, which was already suffering from political strains three months ago, might well not recover.

In other London markets, interest has focused on aluminium, which rose fairly consistently through the week. Cash metal closed yesterday at £737.50 per tonne, £60 up from the previous Friday and at its highest level since mid-September.



Dealers are taking heart from a more positive picture of supply and demand which has recently emerged, underlined this week by a study from researchers at Chase Econometrics which showed that world demand for aluminium rose by 3.5 per cent in the 10 months to October, while production continued on a gradual downward trend.

"Firm aluminium market fundamentals point to a continued rise in prices," the report said. But it cautioned that metal supplies could easily be increased to meet any big upturn in the market.

Other metals were largely buffetted by the sharp swings in currencies in the wake of the Opec meeting. This led to something of a reawakening of activity on the London Metal Exchange, which has been depressed by the continuing international tin crisis. Copper, zinc, lead and nickel all closed up on the week.

Silver, however, remains deeply in the dolrums, reaching 402.45p per ounce at the Thursday fix, its lowest level since August 1982.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1985 High	1985 Low
METALS					
Aluminium					
Free Markets c.i.f.	$1110/1130	+75	$1160/1190	$1180/1219	$975/995
Antimony					
Free Market 99.6%	$2730/2780	−20	$3220/3280	$3075/3150	$2550/2650
Copper-Cash High Grade	£980	+31.75	£1089.5	£1339	£914
3 months Do. Do.	£999.75	+34	£1107.75	£1331.75	£934.75
Gold per oz.	$318.5	−4.25	$329.25	$338.75	$284.7
Lead Cash	£270.5	+4	£336.5	£391.5	£255.5
3 months	£278.25	+4.5	£331.25	£353.5	£270.25
Nickel market c.i.f. 15					
Free	185/205c	+6	211/231c	252/282c	$175/195c
Palladium	$92.25	−8.75	$140.75	$129.65	$92.25
Platinum per oz	$331.25	−10.5	$319.00	$349.45	$244.25
Quicksilver (76 lbs)	$265/275	−5	$295/305	$300/310	$265/275
Silver per oz	406.90p	−3.10	587.10p	576.90p	402.45p
3 months per oz	417.80p	−3.30	600.05p	594.90p	413.20p
Tin cash	‡	—	£9820	£10,328	£8507.5
3 months	‡	—	£9787.5	£10,232.5	£8432.5
Tungsten Ind.	$67.77	—	$83.34	$83.85	$66.75
Wolfram (22.04 lb)	$56/64	−1	$75/77	$76/78	$56/60
Zinc cash	£480.5	+18	£644.75	£867.5	£372.5
3 months	£479.75	+22	£644.25	£865	£392.5
Producers	$660/670	—	$900	$950	$660/670
GRAINS					
Barley Futures	£113.60	+0.85	£115.95	£117.40	£96.00
Maize French	£142.50	+2.5	£145.00	£152.20	£129.50
WHEAT Futures	£115.50	+0.10	£114.00	£124.95	£96.80
SPICES					
Cloves	$4,900	—	$4,200	$4,950	$3,200
Pepper white	$5,250	+25	$3,400	$5,250	$3,300
black	$4,200	—	$2,100	$4,250	$2,200
OILS					
Coconut (Philippines)	$415x	—	$975	$950	$382.5
Palm Malayan	$395w	+15	$600	$700	$340
SEEDS					
Copra (Philippines)	$237.5	—	$540	$575	$237.5
Soyabeans (U.S.)	$223	+6.6	$253.5	$255.4	$207.5
OTHER COMMODITIES					
Cocoa Futures Mar.	£1729.5	+40	£1839.5	£2,266.5	£1,657
Coffee Futures Mar	£2147.5	+99	£2,247	£2,457	£1487.5
Cotton Index	48.50c	+0.4		71.95c	47.70c
Des. Coconut	‡	—	£1280	£1,250	£620
Gas Oil Fut. Feb.	$236.25	−13.25	$229.5	$278.25	$208.75
Jute LJA BWC grade	‡	—	$850	$945	$300
Rubber kilo	57p	+1.5	59.9p	70p	55p
Sisal No. 3L	‡	—	$570	$670	$515
Sugar (Raw)	$139v	−7.5	$112	$147.5	$82
Tea (quality) kilo	175p	—	330p	345p	160p
(low med) kilo	‡	—	250p	255p	102p
Wooltops 64s Super	400p kilo	+11	482p Kilo	526p kilo	389p kilo

‡ Unquoted. (g) Madagascar. (v) December-January. (w) January. (x) January-February.

INDICES

FINANCIAL TIMES

Dec. 13	Dec. 12	M'th ago	Year ago
—*	—*	—*	287.37

(Base: July 1 1952=100)

REUTERS

Dec. 13	Dec. 12	M'th ago	Year ago
1775.9	1778.7	1734.6	1894.7

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 12	Dec. 11	Month ago	Year ago
Spot	121.94	121.16	—	125.35
Fut.	125.67	124.46	—	124.16

(Base: December 31 1974 = 100)
* Not available due to suspension of tin LME.

Business done—Wheat: Jan 112.90-2.70, March 115.80-5.50, May 118.60-8.35, July 120.80-20.50, Sept 99.00 only, Nov 101.90 only. Sales 184 lots of 100 tonnes. Barley: Jan 111.00-10.75, March 114.00-3.75, May 116.00-5.65, Sept and Nov untraded. Sales: 247 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: Dec 135.25, Jan 137.75, Feb 140.25, March 142.75 transhipment East Coast. US No. 2 Soft Red Winter: Jan 122.50, Feb 123, March 123.25. EEC French: Dec 135. English feed, fob: Jan/March 117.50, April/June 121.00, Jan/June 119-119.50 paid East Coast. Dec 113.50 seller, Jan 115.50 buyer, Jan/March 117.50-118.00, Jan/June 119.00-119.50, April/June 121.50-122.00 buyer/seller. Maize: US No. 3 Yellow/French transhipment East Coast: Dec 142.50. Barley: English feed: Dec 112.50, Jan 115.50-116.00, Jan/March 116.75, April/June 120.00, Feb 119.50, March 121.00 paid East Coast, Jan 116 value, Jan/March 117.00 buyer, April/June 120.00 buyer. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 106.90, N. East 108.00, Scotland 105.40. The UK monetary coefficient for the week beginning Monday, December 23 (based on HGCA calculations using three days' exchange rates) is expected to remain unchanged.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	737-8	+7.5	733/732
3 months	761-2	+6.25	765/753

Official closing (am) Cash 732.5-3 (730.5-1), three months 756.5-7 (755.5-6), settlement 733 (731). Final Kerb close: 761-2. Turnover: 23,925 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/low
Cash	979.5-80.5	+10.75	970/969
3 months	999.5-1000	+8.5	1004/979

Official closing (am): Cash 967-.5 (981-.5), three months 989.90 (1,002.5-3), settlement 967.5 (981.5). Final Kerb Close: 1,000-1.

Cathodes			
Cash	970-2	+17.5	—
3 months	988-90	+13.0	980

Official closing (am): Cash 961-3 (968-70), three months 979-81 (988-90), settlement 963 (970). Turnover: 42,725 tonnes. US Producer prices: 67-72 cents per pound.

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	270-1	+3	270
3 months	278-.5	+2.5	278/275

Official closing (am): Cash 270-.5 (267.5-8), three months 278-.5 (275.5-6), settlement 270.5 (268). Final Kerb Close: 278-9. Turnover: 6,250 tonnes. US Spot: 18.75-20 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2940-50	+137.5	2835/2810
3 months	2965-70	+120	3010/2850

Official closing (am): Cash 2,825-35 (2,790-800), three months 2,865-70 (2,835-40), settlement 2,835 (2,800). Final Kerb Close: 3,000-4. Turnover: 1,482 tonnes.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	480-1	+9.5	480/477
3 months	479.5-80	+8.25	484/467

Official closing (am): Cash 474-5 (473-4), three months 474.5-5 (473-4), settlement 475 (474). Final Kerb Close: 479-80. Turnover: 12,400 tonnes. US Prime Western: 34-35.75 cents a pound.

GOLD

Gold rose $1 an ounce from Thursday's close in the London bullion market yesterday to finish at $318¼-318¾. The metal opened at 317¾-318¼ and traded between a high of $318½-319 and a low of $317½-318. Trading was very quiet and featureless ahead of the weekend.

GOLD BULLION (fine ounce) Dec 13

Close	$318¼-318¾	(£221½-222)
Opening	$317¾-318¼	(£220¾-221¼)
M'ni'g fix.	$317.90	(£220-229)
Aft'n'n fix	$317.75	(£220-476)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$319½-320	(£222¼-222¾)
½ Krug.	$159-169½	(£117½-118)
¼ Krug.	$86¼-86¾	(£60-60¼)
1/10 Krug.	$35¼-35¾	(£24½-25)
Mapleleaf	$328¼-328¾	(£228½-228¾)
Angel	$326-328	(£226¾-228¼)
1/10 Angel	$31½-36½	(£22-25½)
New Sov.	$76½-77	(£53¼-53½)
½ New Sov	$45¾-46½	(£31¾-32¼)
Old Sov.	$81½-83	(£56¾-57¾)
$20 Eagle	$430-470	(£299¼-327)
Noble Plat	$341¾-344½	(£237¾-239¾)

SILVER

Silver was fixed 4.45p an ounce higher for spot delivery in the London bullion market yesterday at 406.9p. US cent equivalents of the fixing levels were: spot 587.35c, up 9.85c; three-month 598.15c, up 10.10c; six-month 610.05c, up 10.7c; and 12-month 631.4c, up 9c. The metal opened at 407½-409½p (587-589c) and closed at 407-409p (585-587c).

SILVER per troy	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	406.90p	+4.45	406p	+4.5
3 months	417.80p	+4.60	418p	+4.5
6 months	429.80p	+5.00	—	—
12 months	450.80p	+5.80	—	—

LME — Turnover: 80 (194) lots of 10,000 ounces

Cash high/low 404.5p; three months high 418.5p, low 416.5p, final kerb 419-21p.

RUBBER

PHYSICALS — The London market opened unchanged, attracted very little interest throughout the day and closed dull, reports Lewis and Peat. Closing prices (buyers): spot 57.00p (57.50p), Jan 54.75p (55.25p). Feb 55.25p (55.75p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg RSS No 1 was 181 (same) and for SMR 20 171.0 (same).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Jan	112.75	−0.15	110.75	+0.25
Mar	115.50	−0.25	113.80	+0.50
May	118.40	−0.25	115.70	+0.20
July	120.50	−0.35	—	—
Sept	99.00	—	98.40	−0.10
Nov	101.90	—	101.55	−0.10

COCOA

Futures opened easier and traded in a narrow range until late, renewed selling eased prices. There was rumoured to be light producer selling at the highs, but consumers remained withdrawn, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
Dec.	1683-1691	−18.0	1707-1683
March	1729-1730	−19.0	1753-1725
May	1741-1743	−16.5	1764-1737
July	1755-1758	−15.5	1779-1755
Sept.	1770-1771	−15.0	1794-1770
Dec.	1770-1775	−16.0	1786-1768
March	1785-1790	−12.5	1800

Sales: 2,314 (2,685) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for December 13: 107.02 (108.34); five-day average for December 16: 107.78 (107.97).

COFFEE

Light commission house buying in thin conditions produced a steady opening, reports Drexel Burnham Lambert. Prices fell back on news of a 3m-bag quota release by the ICO before trade buying lifted values again.

COFFEE	Yesterday's Close	+ or —	Business Done
Jan.	2091-2095	+15.5	2105-2060
March	2147-2148	+27.0	2155-2108
May	2199-2200	+33.0	2205-2155
July	2240-2244	+24.5	2255-2220
Sept.	2290-2249	+36.0	2295-2250
Nov.	2320-2365	+39.5	2330-2305
Jan.	2325-2375	+15.0	—

Sales: 8,062 (10,152) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for Dec 12: Comp. daily 1979, 161.15 (158.07); 15-day average 150.09 (148.81).

MEAT

Prices remained steady despite lower levels in the physical market, but volume remained poor, reports CCST Commodities.

Month	Yesterday's close	Previous close	Business done
	p. per kilo (deadweight)		
Feb.	103.00	103.00	—
April	103.10	103.20	—
June	99.40	999.0	—
Aug.	99.00	98.90	—
Oct.	104.00	104.20	104.00
Nov.	105.30	105.30	—

Sales: 1 (2) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 101.46p per kg lw (+5.67). GB—Sheep 164.28p per kg est dcw (+7.65). GB—Pigs 77.40p per kg lw (−3.38).

US MARKETS

PRECIOUS METALS continued to attract underlying support from speculation over a US discount rate cut, reports Henold Commodities. Copper and aluminium were firm on continuing concerns over prevailing stock levels. Sugar attracted renewed buying interest as concern over Cuban crop prospects re-emerged, aided by reports of Cuban purchases. Cocoa came under pressure on the lack of fresh manufacturer interest. Coffee went limit—up on continuing concerns over the availability of high quality coffee from South and central America. Cotton maintained a firm tone on tightness in nearby cash supplies. The energy complex encountered light selling ahead of the weekend although forecasts of cooler weather in the North East tended to provide ...support. The grain complex was mixed with maize firm on rumours of Russian purchases. While wheat was steady, the soyabean complex was under early pressure on overnight rains in Brazil, but recovered on the close on expectations that dry conditions could return.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	49.75	49.45	49.40	48.50
Jan	49.90	—	—	48.95
Feb	50.30	—	—	49.75
March	50.65	50.65	50.05	49.70
May	51.30	51.20	50.65	50.40
July	52.00	52.00	51.70	51.05
Sept	52.70	—	—	51.80
Dec	53.75	—	—	52.85
Jan	54.10	—	—	53.20
March	54.60	—	—	53.50

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	2159	2190	2155	2190
March	2224	2253	2212	2249
May	2267	2292	2256	2289
July	2282	2305	2280	2306
Sept	2311	2325	2311	2328
Dec	2320	2335	2315	2338
March	2335	—	—	2351

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	192.50	193.00	187.00	186.58
March	[illegible]	[illegible]	192.00	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Dec	63.60	63.70	60.50	63.30
Jan	63.60	—	—	[illegible]
Feb	64.00	—	—	[illegible]
March	64.20	64.50	63.95	63.80
May	64.35	64.70	64.20	64.05
July	64.55	64.85	64.45	64.30
Sept	64.70	65.00	64.70	64.50
Dec	65.00	[illegible]	[illegible]	[illegible]
Jan	65.10	—	—	[illegible]
March	65.30	—	—	65.10

COTTON 50,000lb, cents/lb

	Close	High	Low	Prev
March	61.12	61.16	60.65	60.83
May	60.90	60.97	60.58	60.68
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Close	High	Low	Prev
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	322.2	322.3	311.6	320.4
April	325.8	326.1	324.2	324.0
June	329.7	329.5	328.0	327.9
August	333.6	333.3	332.5	331.8
Oct	337.7	—	—	335.9
Dec	341.9	341.6	340.0	340.1
Feb	346.1	345.3	345.3	344.3
April	350.3	349.5	349.5	348.5
June	355.0	354.2	353.0	353.3
August	359.9	358.2	358.0	358.1
Oct	365.1	384.3	384.3	363.3

SPOT PRICES—Chicago loose lard 16.00 (same) cents per pound. Handy and Harman silver bullion 586.5 (582.5) cents per troy ounce.

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	79.96	80.40	79.25	78.5[illegible]
Feb	78.65	79.45	78.10	78.5[illegible]
March	73.40	74.85	73.00	74.1[illegible]
April	68.90	70.45	68.60	69.8[illegible]
May	65.80	67.20	65.80	66.5[illegible]
June	64.70	66.00	64.70	66.0[illegible]
July	65.30	—	—	66.0[illegible]
Aug	65.00	—	—	65.4[illegible]

ORANGE JUICE 15,00 lb, cents/lb

	Close	High	Low	Prev
Jan	118.75	119.05	117.75	117.50
March	121.65	121.90	120.00	119.10
May	122.30	122.70	120.90	120.00
July	123.40	123.50	122.00	121.50
Sept	122.25	122.50	118.50	118.25
Nov	123.00	123.00	120.00	118.60
Jan	123.25	—	—	119.00
March	123.50	—	—	119.25
May	123.50	—	—	119.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	330.7	—	—	326.9
Jan	332.7	333.0	330.5	328.9
Feb	333.7	—	—	329.9
April	337.0	337.0	334.5	332.9
July	340.3	340.5	337.5	338.2
Oct	344.0	343.0	341.0	339.9
Jan	349.0	—	—	344.9

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Dec	588.0	588.5	585.5	584.7
Jan	590.2	—	—	587.1
Feb	594.0	—	—	591.0
March	598.0	599.5	594.5	595.0
May	605.5	607.5	602.5	602.6
July	613.1	615.5	611.0	610.3
Sept	621.0	623.5	618.0	618.3
Dec	633.0	636.5	631.0	630.5
Jan	637.2	—	—	634.8
March	645.6	649.0	642.0	643.3

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	5.31	5.35	5.08	5.08
March	6.35	6.36	6.15	6.07
May	6.52	6.56	6.36	6.26
July	6.67	6.71	6.50	6.42
Sept	6.78	6.63	6.62	6.53
Oct	6.91	6.93	6.76	6.66
Jan	7.04	—	—	6.79
March	7.49	7.50	7.36	7.25

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	66.70	66.87	65.95	65.82
Feb	62.70	62.80	62.27	62.17
April	61.70	61.77	61.32	61.10
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	22.10	22.25	21.70	22.37
July	22.25	22.50	22.05	22.55
Aug	22.20	22.40	22.00	22.40
Sept	21.65	21.95	21.55	22.00
Oct	21.63	21.85	21.30	21.95
Dec	21.55	21.75	21.30	21.75
Jan	21.55	—	—	21.70

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
Dec	346.0	348.0	343.6	347.0
March	344.2	346.6	341.4	345.2
May	323.4	324.0	320.0	321.4
July	289.2	291.4	287.4	289.2
Sept	289.2	291.4	289.2	289.8
Dec	300.0	302.4	300.0	301.0

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	—	—	—
Feb.	126.7-127.2	−0.55	126.2-126.5
Apr.	127.2-128.4	−0.60	126.0-126.0
June	123.5-125.9	—	—
August	122.5-122.6	−0.50	—
October	125.6-124.5	−.050	—
Dec.	124.2-125.5	+0.50	—

Sales: 284 (284) lots of 20 tonnes.

OIL

Brent prices continued to firm slightly in reaction to the week's early falls. Nymex opened 12 up for January and was trading around this level at 1 pm EST. In the petroleum products market gas oil firmed in thin trade, gasoline continued to weaken on an absence of demand and heavy fuel was stable—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	26.30-26.40	−0.15
Brent Blend	26.05-26.15	−0.125
W.T.I. (1pm est)	27.20-27.30	+0.075
Forcados (Nigeria)	26.90-27.10*	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	260-263	−0.5
Gas Oil	241-244	+3
Heavy fuel oil	132-135	......
Naphtha	235-236	−0.5

*December

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Jan	241.50	+2.25	242.25-39.50
Feb	256.25	+2.25	257.50-34.25
Mar	226.00	+1.00	227.50-25.50
Apr	214.75	−0.75	218.50-14.00
May	206.00	−2.00	210.50-08.00
June	204.00	−3.00	210.00-04.00
July	204.50	−3.50	210.00-04.50
Aug	205.00	−4.00	210.50-04.25

Turnover: 1,734 (4,012) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index. $ a barrel. (Close, change, business done): Index 26.49, +1.60; Jan 25.70-26.30, −0.075, untraded; Feb 25.00-25.40, −0.20, 25.00; March 24.50-25.10, −0.10, untraded; April 24.00-25.00, +0.05, untraded; May 23.20-24.70, +0.05, untraded.

Turnover: 1 (117) lots of 1,000

FREIGHT FUTURES

The market opened slightly lower before some buying became evident. Lower physical grain fixtures were reported during the afternoon, thus arresting the earlier sentiment toward pre-weekend short-covering with the result that the market closed about unchanged, reports Clarkson Wolff. The Baltic Freight Index was 907, down 3.

	Close	High/Low	Prev.
Jan.	877/878	877/873	876/878
April	927/924	927/926	925/926
July	813/820	—	813/820
Oct.	915/918	—	910/915
Jan.	910/930	—	910/950
April	975/985	—	975/995
July	860/890	--	860/890
Oct.	950/1000	—	950/1000

Turnover: 78 (111).

SUGAR

LONDON DAILY PRICE—Raw sugar $139.00 (£96.50), up $1.00 (up 50p) a tonne for December-January delivery. White sugar $174.00, up $1.00.

Sales: 1,831 (1,117) lots of 50 tonnes.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Mar	164.8-165.2	158.0-158.4	165.2-158.4
May	169.0-169.4	166.0-163.2	169.0-165.8
Aug	172.0-173.0	167.8-168.6	173.4-169.2
Oct	177.6-178.2	171.8-172.4	175.6-175.2

Tate & Lyle delivery price for granulated basis sugar was £200.50 (£199.50) a tonne for export.

International Sugar Agreement—US cents per pound fob and stowed Caribbean ports) Prices for December 12. Daily price 5.40 (5.48); 15-day average 5.56 (5.55).

PARIS—(FFr per tonne): March 1397-1398, May 1423-1425, Aug 1470-1479, Oct 1498-1515, Dec 1524-1533, March 1577-1588.

POTATOES

Prices opened 80p down, basis April, and immediately hit stop-loss selling orders which depressed values £1.00 further. The market recovered these losses and spent the rest of the day in a limited trading range. Weekend book-squaring rallied prices. After the close Holland announced a sharp rise in exports over the last week, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Feb	81.30	81.50	81.00-80.50
Apr	89.50	89.80	89.60-88.00
May	95.60	95.60	95.80-94.50
Nov	74.00	73.80	—

Sales: 847 (358) lots of 40 tonnes.

MARKET REPORT

Equities mark time throughout slow trading session

Quiet debut for Cable & Wireless

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Nov 11	Nov 21	Nov 22	Dec 2
Nov 25	Dec 5	Dec 6	Dec 16
Dec 9	Dec 19	Dec 20	Jan 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

A turbulent week in London financial markets ended in subdued fashion yesterday. Continuing fears that the recent Opec move could lead to an oil-price war restrained stock market activity and leading shares experienced the slowest trade for some considerable time. Gilt-edged stock likewise faded after the previous day's burst of enthusiasm on sterling's recovery from Wednesday's low point against the dollar. Trading conditions were similarly thin in foreign exchange markets and the pound was finally unable to further its recovery yesterday.

Opening equity market interest was consumed by Cable and Wireless but first-time dealings in the 300p-paid new shares were a non-event. An early premium of around 8p gradually disappeared and the shares reacted to par before steadying to close at 303p. Cable and Wireless old shares slipped further to end 9 down at 585p; the issue price of the offer-for-sale was 587p.

Takeover speculation continued to cool, although Boots were one leading stock to benefit from bid hopes. Matthew Brown returned sharply lower from the one-day suspension of trading following the lapsing of the offer from Scottish and Newcastle. Elsewhere blue chip industrials showed marginal changes in either direction and the FT Ordinary share index closed 1.1 higher at 1,105.9. On the week the index was 11.7 down after threatening at one point to fall below 1,100 for the first time since November 19.

Slightly firmer quotations for Gilt futures failed to influence buyers of Government securities. The market opened on a firm basis but medium and longer life issues subsequently drifted off on thoughts of possible further government funding. After the 3.30 pm official close, the authorities announced the issue of four £150m tranches of existing medium/long issues, comprising Treasury 10 per cent 1992, Exchequer 10 per cent 1997, Conversion 9¾ per cent 2001 and Treasury 9½ per cent Convertible 2004. US interest rates hopes enabled short-dated Gilts to maintain a firm trend but gains were mainly small.

Composites revive

Buyers returned for Composite Insurances. Perennial takeover favourite Commercial Union continued to reflect Press comment with a fresh gain of 5 at 231p. Royals moved up 12 to 762p and General Accident appreciated 10 at 710p as did Sun Alliance at 520p. GRE put on 6 to 713p. Life issues made modest progress ahead of the Government's White Paper on pensions and social security which is scheduled for release on Monday. Abbey Life recovered a few pence more at 194p, while Prudential added 8 at 768p and Legal and General firmed 7 to 737p. Elsewhere, Lloyds broker Hogg Robinson edged forward a couple of pence to 289p: the interim results are due next Wednesday.

Quietly firm conditions prevailed in the major clearing banks. Natwest rose 6 at 652p and Lloyds 4 at 462p. Irish issues perked up with Allied Irish and Bank of Ireland up 5 apiece at 195p and 375p respectively. Among Foreign issues, Deutsche gained a point more making a jump of 25 points on the week to £212: investors' appetites have been whetted by the bank's successful acquisition of the Flick industrial group.

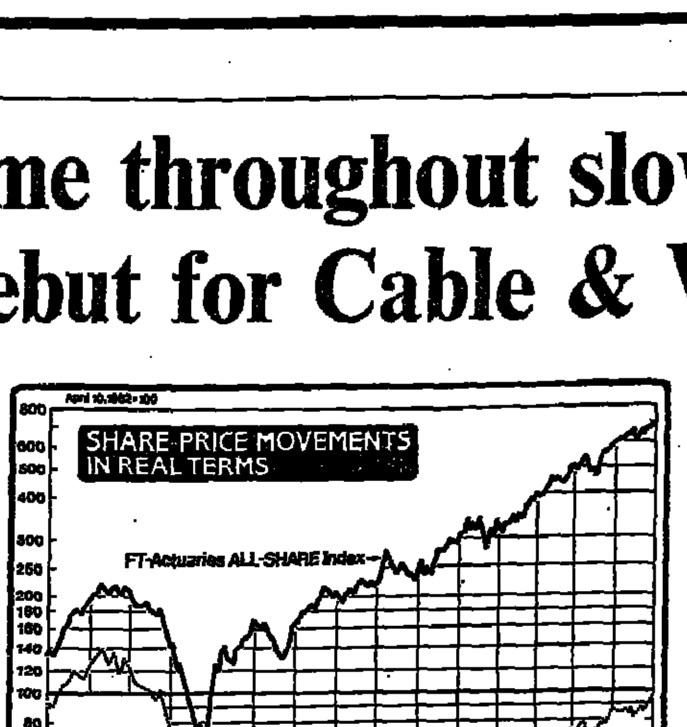
Recent newcomer J. S. Pathology attracted further support and rose 14 to 237p.

Dealings in Scottish and Newcastle Breweries and Matthew Brown were resumed at the outset following the Takeover Panel's ruling. The latter, suspended at 557p, returned sharply lower at 410p, while Scottish dipped 7 to 168p.

Leading Breweries attracted modest support and finished the week on a relatively bright note. Guinness stood out with a gain of 7 to 283p, while Allied-Lyons hardened a few pence to 266p. Greenall Whitley continued to recover from recent weakness after the full-year figures and settled 7 dearer at 171p. Buyers returned for Wolverhampton and Dudley, 8 up at 398p, but Greene King held at the overnight level of 198p as the cautious tenor of the accompanying statement outweighed the increased interim profits and dividend.

Interest in Building issues remained at a low ebb and leading quotations fluctuated narrowly prior to closing a shade easier on balance. RMC drifted off to close 6 cheaper at 454p, while Tarmac softened a couple of pence to 374p. Occasional selling clipped 4 from Costain at 476p and 5 from Taylor Woodrow at 480p. Secondary issues displayed a dull feature in A. Monk which fell 12 to 104p following poor half-year figures. On the other hand, USM-quoted Berkeley Group, up 3 at 285p, continued to reflect the good interim results and confident statement, but BB & EA remained on offer in the wake of the poor half-timer and shed 5 more to 125p. John Booth were marked 10 lower to 45p following news of the mid-term loss.

ICL, a firm market earlier in the week on currency influences, traded quietly and shaded to 730p, but retained a rise of 26 over the five-day period. Laporte lost 3 to 350p, but potential "shell" situation British Benzol hardened a penny to 48p. Yorkshire Chemicals gained 5 to 75p as takeover rumours revived.



Burton feature

After a dull start—investors were still nervous about the Chancellor's scope for reductions in personal taxation—Stores staged a modest rally to close a shade firmer for choice. Burton featured with a rise of 10 to 545p, while smaller gains were noted for Sears, 107p, and Marks and Spencer, 175p. British Home Stores, however, remained out of favour and dipped 8 for a fall on the week of 44 at 370p. Home Charm recovered 8 to 296p following a "buy" recommendation from brokers de Zoete and Bevan, while further consideration of the preliminary results lifted NSS Newsagents 6 to 110p. In contrast, J. W. Wassall were marked 7 lower at 48p in reaction to the first-half deficit. Lincroft Kilgour advanced 10 to 183p as Mr M. H. Dresner increased his holding to just over 9 per cent.

Interest in the Electrical leaders was at a low ebb. British Telecom eased a penny to 192p, after 191p, following comment on the interim results. Plessey, awaiting further developments after rejection of GEC's formal offer of around 163p per share, softened a couple of pence to 176p; GEC also gave up 2 at 170p. Thorn EMI closed 5 down at 409p; the group this week announced the £110m management buy-out of its Screen Entertainment division. Elsewhere, Sound Diffusion advanced 4 more to 31½p on further consideration of Press comment, while revived speculative buying lifted Microgen 25 to 340p. DBE Technology edged forward a penny to 48p following the interim statement.

Engineers finished the day with several noteworthy movements. McKechnie featured again, rising afresh to 195p on the Williams Holdings' 6 per cent stake before closing 9 higher at 189p, a two-day gain of 29. Pegler-Hattersley were supported at 333p, up 13, while comment on the interim figures prompted renewed firmness in RHP, which touched 121p before settling a couple of pence firmer at 119p. C. H. Bailey closed 4¼ higher at 28¼p on news that TIFA had increased its holding to 12.14m Ordinary shares, while buying ahead of next Thursday's interim figures left Wellman 2¼ higher at 15p. Spear and Jackson firmed 3 to 251p on news that the offer from James Neill had been declared unconditional. A. Cohen, in contrast, dipped 35 to 405p on halved interim profits, while Spencer Clark, a good market on Thursday following bumper annual results, met profit-taking and gave up 7 to 131p.

United Biscuits, whose agreed merger with Imperial Group appears in jeopardy because of Hanson Trust's intervention, eased back to 255p from a higher opening level of 258p in the absence of a rumoured "dawn raid." However, late support left the shares a net 5 up on the day at 259p. Northern Foods firmed 4 to 284p for a two-day rise of 12 following comment on the good annual results, while Ranks Hovis McDougall continued to rally and improved 3 more to 164p. Rowntree Mackintosh were a shade dearer at 415p and Cadbury Schweppes recovered from an initial 154p to close unchanged at 156p. Moving sharply against the trend, S. & W. Berisford shed 8 to 159p on rumours that a line of stock was on offer. Canvermoor lost 5 to 50p following the poor annual results.

Grand Metropolitan attracted support ahead of next Thursday's annual results and closed 10 higher at the day's best of 368p. Ladbroke hardened a couple of pence to 322p and Trusthouse Forte gained the turn to 160p.

Boots good

Boots, put forward by the Press earlier in the week as the next possible major bid candidate, met with persistent demand and closed 9 to the good at 258p. Beecham, in contrast, fell 8 to 328p, amid talk that Unilever, recently suggested as a possible bidder for the group, was about to make a large US takeover bid. Elsewhere in the miscellaneous industrial sector, Unigroup advanced 11 to 81p in response to the good interim figures, proposed rights issue, profits and dividend forecast. Speculative demand lifted Valor 8 to 217p, while bid talk persisted in European Ferries, up 2¼ more at 150p. R. K. Watson, awaiting news of the recent bid approach, rallied 9 further to 234p. Renewed support lifted Wedwood 8 more to 234p, but Tiphook, a good market earlier in the week in response to the interim figures, reacted 9 to 128p. USM-quoted Parkfield Group closed 18 higher at 226p, after 230p, awaiting next Monday's interim results. J. W. Spear advanced 7 more to 180p, while Henara came to life with a rise of 11 at 43p. Philip Harris rose 7 to 182p in reply to the good interim figures.

Takeover favourite Aspinall revived strongly and gained 6 to 161p; the annual results are due next Thursday. Elsewhere in the Leisure sector, Press comment stimulated Fairline Boats, 5 better at 103p, but poor half-year figures left A & M Group 1¼ down at 15¼p. Further consideration of the chairman's optimistic statement that accompanied the annual figures left Adams Leisure 2 better at 10p.

A couple of firm spots emerged in Motor Components. Automotive Products, lively recently following news of contracts to supply the Russian and Chinese vehicle industries, attracted fresh support reflecting takeover hopes and touched 123p before settling 9 up on balance at 120p. Jonas Woodhead improved 3 to 37p in reply to the interim profits recovery. Distributors featured Lex Service, which advanced 16 to 300p on recovery hopes.

Among advertising agencies, Wight Collins Rutherford Scott rallied 8 to 311p; the interim figures are scheduled for next Wednesday. Saatchi and Saatchi dipped to 745p amid vague talk of a pending rights issue, but later recovered to finish a couple of pence dearer on balance at 750p.

Estate agents Connells, up 8 at a 1985 peak of 190p, were boosted by reports that Legal and General had increased its stake in the company to around 11 per cent and by the chairman's confident statement on current trading prospects contained in an acquisition circular. Elsewhere in the Property sector, revived demand in a limited market lifted House Property Company of London 10 to 305p. Profit-taking clipped a couple of pence from recently-firm Wates City of London Properties at 136p and 5 from Regalian at 360p. USM-quoted Dencora remained a firm market and added a penny more to 119p.

Parkland "A" provided a firm feature in Textiles, rising 7 to 102p on speculative buying. Richards put on 4 more for a two-day gain of 9 to 42p after further consideration of the annual figures, while Tomkinsons found support at 183p, up 5. Coats Patons hardened 2 to 158p; the improvement was accompanied by revived rumours of a possible bid from Entrad. Courtaulds were also 2 dearer at 185p.

Financials highlighted Mercantile House which spurted 25 to 298p following news of a possible management buy-out of its New York-based stockbroking operation, Openheimer. Elsewhere, Britannia Arrow hardened a couple of pence to 147p in response to the profits forecast contained in the latest rejection of the offer from Guinness Peat. M and G annual figures expected next Thursday, rose 10 more to 785p. Kakuzi, eased 5 to 85p; owing to a typrographical error it was reported on Thursday that the last dividend payment to overseas holders was in September 1983. This should have read 1985.

A further recovery by North Sea oil prices after the steep declines registered earlier in the week prompted renewed demand for the two oil majors. BP picked up 7 more to 542p — leaving the shares only 13 lower on the week — while Shell rallied a similar amount to 642p. Britoil, however, slipped back on lack of interest and settled 5 down at 207p, for a week's fall of 18.

In secondary oils, Berkeley Exploration dipped 5 to 95p on news of the proposed deal with Texaco North Sea UK whereby Berkeley will acquire a quarter of Texaco's 1 per cent interest in the Forties Field for cash and shares worth $8.25m.

Triton Europe, a weak market in the past couple of days, dropped to 205p before recovering strongly to close a net 5 off at 240p.

Interest throughout the major sectors of mining markets remained at a low ebb, despite a further improvement in the bullion price, which gradually edged up to close a dollar to the good at $318.5.

South African Golds did little more than drift on lack of interest ahead of next Monday's public holiday in South Africa. In the leading Golds, Randfontein dipped ¾ to £48¾ and Vaal Reefs lost ½ to £42¼

FINANCIAL TIMES STOCK INDICES

	Dec. 13	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 6	year ago
Government Secs	83.15	83.18	82.74	82.81	83.14	83.35	82.34
Fixed Interest	89.06	88.84	88.62	88.68	88.84	89.07	85.79
Ordinary ♥	1105.9	1104.8	1103.7	1115.7	1115.4	1117.6	935.4
Gold Mines	260.3	264.2	267.7	263.0	268.3	276.8	504.0
Ord. Div. Yield	4.51	4.51	4.50	4.41	4.43	4.42	4.61
Earnings, Yld. %(full)	11.19	11.17	11.15	†10.95	†10.99	†10.98	11.67
P/E Ratio (net) (*)	11.03	11.04	11.06	11.26	11.22	11.24	10.29
Total bargains (Est.)	23,083	24,415	24,891	29,143	37,945	30,097	27,921
Equity turnover £m.	—	478.44	517.37	485.84	696.73	637.62	436.93
Equity bargains	—	18,973	21,311	24,550	30,863	36,078	33,894
Shares traded (ml)	—	233.4	249.6	233.0	398.6	307.5	246.3

♥ 10 am 1102.6. 11 am 1103.6. Noon 1106.0. 1 pm 1105.0. 2 pm 1104.9. 3 pm 1104.6. 4 pm 1104.8.

Day's High 1106.3. Day's Low 1102.4.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil—10.62.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (23/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1146.9 (25/11)	911.0 (25/7)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	217.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 12	Dec. 11
Daily Gilt Edged Bargains	141.3	139.9
Equities Bargains	123.9	138.1
Equities Value	967.0	1045.7
5 day Average Gilt Edged Bargains	141.2	142.8
Equities Bargains	170.8	189.5
Equities Value	1138.4	1214.5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Call options were taken out in Bula, Combined Technologies, C. H. Bailey, RHP, Premier Oil, S. W. Wood, Fairline Boats, Bridon, Galliford, Pavion, Equity and General and Control Securities. No puts or doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, December 12, 1985

Metals and Metal Forming	+41.75	Other Groups	+16.27
Shipping and Transport	+39.05	Food Manufacturing	+16.06
Office Equipment	+38.40	Banks	+15.42
Motors	+37.10	Mechanical Engineering	+14.75
Stores	+36.78	Industrial Group	+14.41
Insurance (Life)	+33.65	Insurance Brokers	+12.89
Brewers and Distillers	+32.43	500-Share Index	+12.83
Merchant Banks	+27.77	All-Share Index	+12.77
Telephone Networks	+26.76	Investment Trusts	+11.30
Newspapers, Publishing	+26.29	Leisure	+ 9.60
Packaging and Paper	+25.88	Property	+ 4.16
Textiles	+25.45	Oils	+ 1.91
Insurance (Composite)	+26.36	Capital Goods	+ 1.21
Contracting, Construction	+23.68	Chemicals	+ 0.81
Building Materials	+21.78	Tobaccos	− 4.07
Consumer Group	+21.25	Electricals	− 4.43
Food Retailing	+18.15	Overseas Traders	− 5.39
Other Industrial Materials	+17.56	Mining Finance	−10.98
Health and H'sehold Products	+17.30	Electronics	−27.19
Financial Group	+16.65	Gold Mines Index	−44.83

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −	Net Div.	Times covered	Gross Yield	P.E. Ratio
180	F.P.	15/1	213	195	Abbott Mead Vickers	200	+2	bg2.8	3.5	2.0	20.6
135	F.P.	9/1	196	182	Ashley (Laura) 5p	184	......	bg1.88	3.1	1.5	31.4
587	300	—	305	303	Cable & Wireless 50p	303	......	F9.5	2.9	4.5	8.6
‡86	F.P.	10/1	87	85	✣Chart. Foulks Lynch	85	−1	bg3.0	1.9	5.0	14.8
§110	F.P.	18/12	134	122	✣CheshireW'foods 5p	122	−1	bg3.66	2.0	4.3	16.3
§1/71p	F.P.	—	69	66	China&Eastn.Inv $0.50	67	......	—	—	—	—
—	F.P.	—	21½	16	Do. Warrants	20	......	—	—	—	—
—	—	—	30	27	Cont'l A'sets Wa'rants	30	......	—	—	—	—
‡95	F.P.	17/1	100	97	✣Cranswick Mill 10p	99	−1	bg5.32	2.2	7.7	8.5
‡74	F.P.	8/1	81	71	✣Crusts 5p	79	......	bg0.7	9.6	1.3	8.5
§128	F.P.	10/1	135	130	✣Dialene	133	......	u4.9	2.5	5.3	8.7
95	F.P.	20/12	109	98	✣Ealing Electro. 5p	100	......	bg2.2	4.3	3.1	10.5
100	50	26/2	49½	49	German Sec. Inv. £1	49	......	—	—	—	—
‡72	F.P.	29/11	73	65	✣Gibbon Lyons 10p	70	......	bd55.2	—	7.2	12.8
§57	F.P.	11/12	67	60	✣Hampden Home 10p	65	......	bg1.5	2.8	3.3	15.7
55	F.P.	20/12	54	50	INOCO 10p	50	......	—	—	—	—
190	F.P.	10/1	206	170	Intl. City Hldgs.	178	......	u9.0	2.2	7.2	7.3
§160	F.P.	13/1	237	170	✣J S Pathology 10p	237	+14	bg3.5	2.7	2.1	24.7
114	F.P.	10/1	115	97	✣Magnetic Materials	101	+1	u2.8	3.1	4.0	9.3
‡90	F.P.	22/11	98	91	✣Martin (Ronald) 10p	97	......	bg3.27	2.2	4.8	13.2
§115	F.P.	—	127	122	Merivale Moore 5p	125	+1	b2.5	4.0	2.8	12.3
‡67	F.P.	22/11	72	67	✣Metsec 10p	69	......	bg24.8	—	5.1	11.6
§160	F.P.	20/12	168	165	✣Millward Brown	165	−3	bg2.8	3.5	2.2	19.0
‡77	F.P.	—	80	78	✣Monks & Crane 10p	80	......	bg2.7	2.7	4.8	11.0
100	F.P.	—	116	106	SAC Intnl. 10p	114	......	b1.5	3.6	1.9	18.7
125	F.P.	18/12	145	128	SPP 10p	145	......	bg4.76	2.3	4.7	13.0
§175	F.P.	22/11	192	168	✣Shandwick 2p	170	+2	u3.68	—	3.1	21.1
‡97	F.P.	10/1	106	101	✣Snowdon & Bridge.	104	......	bg2.75	3.0	3.8	12.6
‡57	F.P.	6/1	74	65	✣SterlingPublish'g5p	68	......	b2.0	1.9	4.2	16.0
§118	F.P.	20/12	128	119	✣TMD Advertising 5p	122	......	ug1.65	3.3	1.9	22.1
§130	F.P.	10/1	200	167	✣Tech. Compt. Inds.	195	......	bg3.0	2.6	2.2	24.8
¶180	F.P.	20/12	212	184	Underwoods 10p	186	......	bg1.68	3.0	1.3	57.8
§90	F.P.	—	103	90	✣WYorks.Ind.Hos.50p	90	......	64.0	1.8	6.5	12.2
§128	F.P.	20/12	175	148	✣World of Leather	150	......	bg2.5	3.0	2.4	20.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price £	+ or −
97.203	£25	4/4	24¼	24	Allied Lon.Props.10¾%1stMort.Deb.2025	24¼	......
87.305	£50	—	32⅞	29⅝	Australia 9½% Ln. 2012	30⅛	......
91.448	£30	17/1	29⅜	27¼	Bank of Greece 10¾%Ln. 2010	27⅞	+ ¼
‖	F.P.	8/1	110	100	Biomechanics 8% Cnv. Uns. Ln. 1991	102	......
¶100	£10	30/1	10⅝	950p	Bristol Water 11.2% Red. Deb. 2005-08	950p	......
§96.458	F.P.	27/11	118½	97	Brixton Est. 10¾% 1st. Mort. Deb. 2025	97½	+ ⅛
**	F.P.	31/1	109	105	Bunzl 7% Cnv. Uns. Ln. 1995/97	107	+ 1
¶100	£10	23/1	11¼	11	Chester Water. 8% Red. Pref. 1992	11	......
‖	F.P.	3/1	111p	101p	✣Cont. Microwave 6% Cnv.Red.Pf.2005	102p	+ 1
§100	£10	30/1	10⅜	950p	East Anglian Water 11.5%Rd.Db.1995-97	975p	......
§100	£10	30/1	10⅜	950p	Essex Water 11.5% Red. Deb. 1995-97	975p	......
§100	£10	30/1	10⅜	950p	Do. 11.2% Red. Deb. 2005-08	950p	......
§97.617	£25	31/1	27¾	25¾	Evans of Leeds 11% 1st.Mort.Deb. 20.25	26¼	+ ¼
**	F.P.	—	162	155	Gable Hse. Props. 10¾% Cnv. Ln. 95/99	155	......
95.603	£25	10/1	25¾	24⅛	Haslemere 10½% 1st Mort. 2016	24¾	+ ⅛
88.466	£30	24/1	32⅜	29⅝	Intl. Bk. for Rec. & Dev. 9⅛% Ln. 2010	30⅛	+ ⅛
£12	Nil	—	250pm	250pm	Intl. Inv. Tst. Jersey Units*	250pm	......
§92.899	£25	31/1	25⅝	23¾	Land Securities 10% Deb. 2025	24⅜	+ ⅛
—	F.P.	—	100⅛	99¾	Nationwide Bldg. Soc. 11⅝% 17/11/86	99¾	......
—	F.P.	—	99½	99½	Do. 11⅜% 16/12/86	99½	......
¶98.43	£25	21/2	25⅝	23⅝	Peachey Prop. 10⅞% 1st Mort. Deb. 2016	24⅛	......
¶99.518	£40	26/2	40¾	38⅞	Rosehaugh Greycoat 11%1st Mt Db 2014	39⅜	......
¶87.25	£30	30/4	31⅛	29⅛	Sweden (Kingdom of) 9¾% Ln. 2014	30⅛	+ ⅛
§99.706	£40	—	40¼	40	Throgmorton Tst. 11⅛% Gtd. Deb. 2018	40¼	+ ¼
‖	Nil	22/1	36ppm	26ppm	Tozer Kemsley 8½% Cnv.Cum.Prf.20p	27ppm	+ 1
95.645	F.P.	9/11	95⅛	94⅛	Whitbread Inv. 7%-12% Step. Int. Db.'18	94¾	+ ¼
§98.650	F.P.	10/1	100⅛	99¾	Yeoman Inv. Tst. 11¼% Deb. 2015	100	......

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price	+ or −
$A3.75	Nil	—	29pm	27pm	ANZ $A1	39pm	......
9½	F.P.	10/1	11¾	9¾	Barker & Dobson 1p	11¼	+ ⅛
280	Nil	20/1	64pm	55pm	Bestwood 10p	62pm	......
145	Nil	17/1	40pm	23pm	Bodycote Int'l	30pm	−7
25	F.P.	2/1	54	40	Comm. Bk. Wales	48	−1
270	Nil	9/1	50pm	40pm	Countryside Props	42pm	......
150	Nil	8/1	37pm	27pm	Crown House	32pm	−1
94	F.P.	24/1	119	107	✣Dencora	119	......
68	Nil	—	5pm	2pm	Hartwells	2pm	......
30	Nil	10/1	3pm	2pm	Leisure Inv	2pm	......
365	Nil	10/1	80pm	50pm	Lucas Inds. £1	60pm	+ 2
2½	F.P.	8/1	5	2½	✣Metal Sciences 2½p	5	......
60	F.P.	23/12	64	52	✣Pavion Intl.	56	+ 2
32	F.P.	10/1	36	32	Readicut 5p	38	−½
260	Nil	24/1	190pm	100pm	Regalian Props	100pm	−5
240	F.P.	20/1	285	268	Samuelson Grp. 20p	270	......
187	F.P.	8/1	234	211	Wedgwood	234	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend. dividend cover on earnings updated by latest official estimates for 1986. u Forecast and Yield based on prospectus or other official estimates for 1986. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (3). † Units comprising five ordinary and one warrant. * Units comprising 12 preference shares and one warrant.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (49)

BRITISH FUNDS (2)
Treas 3pc 1986; Exch 2½pc 1986

AMERICANS (2)
Morgan (J. P.); Union Carbide

BANKS (8)
Algemene; Commerzbank; Allied Irish; Copenhagen; Banco de Bilbao; Handelsbk; Banco de Santander; Deutsche Bank; Bank of Ireland

BREWERS (1)
Irish Distillers

BUILDINGS (2)
Berkeley Group; Lafarge-Coppee; Crouch (D.)

CHEMICALS (1)
Hoechst

STORES (2)
Amber Day; Ladies Pride

ELECTRICALS (2)
CAP; MEL Corpn

ENGINEERING (3)
McKechnie Bros; Wagon Ind; RHP; Wood (S. W.); Thyssen

FOODS (2)
Assoc Fisheries; BSN

INDUSTRIALS (10)
Electrolux; Spring Ram; Parkfield; Unigroup; Prestwich; Unilever N.V.; Siebe; Valor; Spear (J. W.); Wedgwood

LEISURE (1)
Central TV N/V

MOTORS (1)
Automotive Prods

PROPERTY (2)
Connells Est Agents; Dencora

TEXTILES (1)
Richards

TRUSTS (6)
Drayton Japan; M. & G. Dual Inc; First Scot American; Throgmorton Sec; General Funds; Growth; Do. Conv

NEW LOWS (30)

AMERICANS (1)
Fluor Corpn

BUILDINGS (1)
BB & EA

STORES (2)
Acsis Jewellery; French Connection

ELECTRICALS (5)
Arcolectric; Datron; Atlantic Computers; Telemetrix; DDT

ENGINEERING (2)
Brown (J.); Cohen A

FOODS (2)
Canvermoor; Sims Catering

INDUSTRIALS (1)
Hartons

NEWSPAPERS (1)
Home Counties

PAPER (3)
ATA Selection; Peters (Michael); LCA

PROPERTY (1)
Cons Tern Invs

TRUSTS (1)
Wemyss Inv

OILS (7)
Claremont Petroleum; New London Oil; Intercont'l Energy; Offshore Oil; LASMO ops; Sovereign Oil & Gas; Marinex Petroleum

MINES (3)
Pres Steyn; Whim Creek; Eagle Corp

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	24	31	54	176	318	98
Corpns. Dom. & Foreign Bonds	24	4	54	62	107	241
Industrials	261	290	941	1,328	1,958	4,174
Financial & Props.	92	85	388	544	509	1,776
Oils	15	31	80	77	196	357
Plantations	5	0	13	17	13	60
Mines	16	58	108	146	287	496
Others	43	72	134	438	329	480
Totals	479	571	1,772	2,740	3,698	7,682

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Automotive Prods.	120	+ 9	Guinness	283	+ 7
Bailey (C H)	28¼	+ 4¼	Imperial Group	259	− 3
Beecham	328	− 8	McKechnie Bros.	189	+ 9
Boots	258	+ 9	Parkfield	226	+18
BPCC	196	− 1	Triton Europe	240	− 5
Fisons	445	+ 4	Unigroup	81	+11

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Glaxo	20	£15¼	− ⅛	RHP	16	116½	+10
ICI	18	733	+ 2	BPCC	15	197	+25
GUS A	17	830	−15	SAC Intl.	15	114	
McKechnie Bros	17	180	+20	Boots	14	249	+ 1
Pilkington Bros	17	318	+25	Triton Europe	14	245	−10
Burton	16	535	+ 9	BHS	13	378	−10

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Beecham	147	336	+16	BHS	97	378	−36
Boots	146	249	+ 9	Glaxo	91	£15¼	− ⅛
Imperial Grp	130	262	+30	BP	89	535	−12
ICI	115	733	+22	Brit. Benzol	87	47	− 4
Utd. Biscuits	111	254	− 1	BAT Inds	85	295	+19
Ashley (Laura)	98	184	*− 9	Britoil	83	212	− 8

* Based on December 5 opening price.

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

[illegible]

CORPORATION & COUNTY

[illegible]

UK PUBLIC BOARDS

[illegible]

COMMONWEALTH GOVT.

[illegible]

FOREIGN STOCKS (coupons payable in London)

[illegible]

STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

BANKS, DISCOUNT

[illegible]

BREWERIES

[illegible]

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

C—D

[illegible]

E—F

[illegible]

G—H

[illegible]

I—K

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the *day's highest and lowest dealing prices.*

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the *relevant date.*

‡ Bargains at special prices. Φ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Johnson Firth Brown 11.05pcPf (£1) 139 (6.12). 11pcLn 1993-98 £86 7
Johnson Group Cleaners 9pcPf (£1) 76 (9/12)
Johnson Matthey 8pcPf (£1) 235 30. 8½pcDb 1985-95 £83¼ 4 (6/12)
Johnston 10pcPf (£1) 109 (11/12)
Jones: Stroud (Hldgs) 10pcPf (£1) 100 (11/12)
Juliana's Hldgs 7½pcLn 2000-02 £66Φ

Kalon (15p) 25
Keep Trust 4.9pcPf (£1) 68.74 (10/12)
Kelsey Inds 11¼pcPf (£1) 131 (11/12)
Kent (G.B.) Sons 5pcPf 62½p 23 (9/12)

L—M

N—O—P

Q—R—S

Smith (W. H.) (Hldgs) B ord (10p) 59 60 (9/12). 8pc Deb 1987-92 £85. 5¼pcLn £43 (11/12). 7¼pcLn1988-93 £78¾.
Smiths Industries 7½pc Deb 1983-88 £90¼ (10/12). 11¼pcDeb 1995-2000 £98 (9/12).
Smurfit (Jefferson) Group 5pcPrf (Ir£1) 33 (6/12). 10½pcLn 1975-95 I£71.
Sommerville William and Son 165
Spillers Ld 7¼pcDeb 1984-89 £90¼ (9/12)
Stag Furn 10pcPrf (£1) 100 (11/12).
Stavley Inds 7½pcLn 1986-91 £820
Stead and Simpson 460 80 (9/12). 4½pc Deb(Perp) £34‡ 5‡ (6/12). 4½pcMtg Deb (1932) £35‡ 6‡ (6/12).

Steel Bros Hldgs 9pcLn 1990-95 £81 (10/12).
Sterling Inds1stPrf (5½pcCum)(£1) 41 (10/12).
Stoddard (Hldgs) 10pcPrf (£1) 130Φ.
Suter Ord (5p) 180 (11/12).
Swire (John) and Sons 6.3pcPrf (£1) 80 (10/12).
Symonds Eng Ord (5p) 14½ (11/12).

T—U—V

TI Group 3.8pcLn 1989-94 £67¼. 7.7pc Ln1989-94 £76¾ (10/12). 9pc Ln

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

F. and C. Pacific Wts 30½ ¼‡ 1‡ (11/12)
First Scottish American 3½pcPf £46½ (11/12)
First Union General (R0.25) 95 (9/12)
Fledgeling Japan Wts 10 ½ (10/12)
Fleming Far Eastern 5pcPf (£1) 40Φ
Fleming Mercantile 5pcPf (£1) 44½ (11/12)
Foreign Col 7¼pcDb 1989-94 £77½ (11.12)
German Securities (£1) (Pdy-pd 28/2/86) (with Wts) 47½Φ
German Smaller Cos Wts 39½.
Globe 11½pcLn 1990-95 £240 1
Greenfriar Wts 143 (10/12)

Group Investors Option Certs 111
Hambros 5pcPf (£1) 45½ (9/12)
Hill (Philip) 5¼pcPf (£1) 48
Investment Trust of Guernsey (50p) 138 (10/12)
Investors Capital 5¼pcPf £48 (10/12). 4pcDb £31. 7¼pcDb 1992-97 £76 (6/12)
Kleinwort Benson 5½pcDb 1981-86 £96½
Law Debenture Corpn 3.85pcPf (£1) 50 (11/12)
London St Lawrence (5p) 58. 5pcPf (£1) 40
New Darien Oil Wts 2

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

West Kent Water 12½pcDb 1986 £108¼‡ (10/12)
Wrexham and East Denbigh Water 3.5pcPf £33‡ (10/12). 4.2pcPf 1985-87 £89¼‡ ¾‡
York Waterworks 4.9pc £49 (10/12). Pf £34

UNLISTED SECURITIES MARKET

American Electronic Components (5p) 26½ 7½
Applied Holographics 195 (10/12)
Biomechanics Intntl (10p) 21 (11/12). 8pc

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

(By permission of The Stock Exchange Council)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	104.6	111.2	+1.1	1.30
Income & Growth	45.3	48.3	...	2.8
Special Situations	56.9	60.4	-0.2	1.20
American Growth	28.3	30.1	+0.2	1.50
Japan Growth	35.9	38.2	-0.1	—
European Growth	45.6	48.5	+0.9	2.98
UK Growth	43.6	46.4	-0.3	1.4
Pacific Growth	32.8	35.1	-0.6	2.0
High Income	29.5	31.4	-0.2	7.6
Practical Income Units	43.8	46.6	...	2.70
Practical Accum. Units	78.7	83.8	...	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	69.2	73.6	+0.1	2.90
Accum Units	102.3	108.8	+0.2	2.90
Pearl Inc.	94.6	100.6	+0.1	4.91
Pearl Unit Tst.	100.4	106.8	+0.1	3.86
(Accum. Units)	171.9	182.9	+0.1	3.86
Pearl Intl Equity	97.3	103.5	-0.5	1.93
(Accum Units)	97.3	103.5	-0.5	1.93

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	209.9	225.3	+0.1	1.44
Income	150.0	160.6	-0.4	5.95
Worldwide Recovery	117.9	126.6	-0.3	2.13
American Growth	60.1	64.5	-0.7	1.08
Intl. Emerging Cos.	62.7	67.3	-0.1	0.74
Far East Growth Fd.	53.6	57.5	-0.2	1.14

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	49.4	52.6	...	5.04
Prolific Far East	112.1	120.5	-1.0	0.27
Prolific Extra Inc.	65.4	69.4	-0.2	5.95
Prolific Convert & Gilt	82.3	87.3	-1.3	7.22
Prolific High Inc	139.8	148.2	+0.3	5.09
Prolific Intl	88.5	95.5	.....	1.60
Prolific N. Amer.	117.5	126.3	-0.2	2.06
Prolific Spec. Sits	153.0	162.3	...	1.41
Prolific Technology	102.4	110.1	+0.4	0.59

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	54.1	57.3	...	0.00
Japan Acc	54.3	57.5	+0.1	0.00
Worldwide Inc.	54.7	57.9	+0.2	1.71
Worldwide Acc.	55.2	58.5	+0.2	1.71
European Tst Inc	64.3	68.1	+0.3	0.81
European Tst Acc.	64.6	68.4	+0.4	0.81
North American Inc.	51.6	54.7	...	1.76
North American Acc.	51.6	54.7	...	1.76
UK Equity Inc	53.8	57.0	...	2.90
UK Equity Acc.	55.1	58.4	.....	2.90

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	—	50.0	.....	—
PM Income & Gwth.	—	50.0	...	—

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Holborn Equity Tst.	339.2	360.8	+0.2	3.38
Holborn European Trust	59.9	63.7	+0.4	1.01
Holborn Gilt Tst.	157.6	165.0	+0.1	8.04
Holborn High Inc.	55.5	59.0	-0.4	7.56
Holborn Intl Growth	73.4	78.0	-0.2	0.68
Holborn Japanese Trust	57.2	60.8	+0.2	0.05
Holborn N. Amer. Trust	54.8	58.2	+0.1	2.10
Holborn Spec Sits	49.3	52.4	+0.1	2.4
Holborn UK Growth	67.6	71.9	+0.2	2.72

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	348.2	370.4	-2.4	3.62
Quadrant Income	194.7	207.1	-1.1	5.13
Quadrant Intl. Fund	310.0	326.4		1.46
Quadrant Spec. Sits.	208.0	221.3	-2.9	3.37

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV 01-628 6011

Wellington Inc.	53.4	56.8	.....	6.61
Wellington Growth	111.2	118.3	.....	2.91

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 22271

British Life	139.5	150.1	-0.5	3.77
Reliance Unit Tst (Inc)	90.3	96.5	-0.3	3.25
Reliance Ut Tst (Acc)	118.5	126.6	-0.4	3.25

Ridgefield Management Ltd
35 Fountain St, Manchester M2 2AF 061-236 5685

Income UT	98.9	105.8	-0.8	6.30
International UT	210.0	224.6	-0.5	1.00

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 01-280 5456

NC America (Inc)	238.8	251.3	...	1.34
NC America (Acc)	256.9	270.4	...	1.34

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	24.4	26.0	-0.1	1.9
American Income Acc.	24.7	26.3	-0.1	4.8
American Income Inc.	24.7	26.3	-0.1	4.8
European Growth Acc.	33.8	36.1	+0.3	2.3
Far East Growth Acc.	27.4	29.2	-0.3	0.9
Int. Growth Acc.	26.5	28.2	+0.1	0.9
Japan Growth Acc.	33.8	36.0	-0.2	0.3
UK Growth Acc.	29.0	30.8	+0.1	2.4
UK Income Acc.	26.3	28.0	...	4.5
UK Income Inc.	26.3	28.0	.....	4.5

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	232.3	245.8	.	3.90
Equity Acc.*	279.5	295.7	...	3.90
Fixed Int. Dist.†	116.0	120.2	.....	11.25
Fixed Int. Acc.†	170.2	176.3	...	11.25

*Prices on Dec 11. Next dealing Jan 8
†Prices on Dec 4. Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	98.7	105.0	+0.1	1.24
Do. Accum.	102.7	109.3	+0.1	1.24
TSB Extra Income	88.6	94.3	+0.1	6.08
Do. Accum.	101.9	108.5	+0.1	6.08
TSB General	133.8	142.4	.....	3.10
Do. Accum.	215.3	229.1		3.10
TSB Gilt & Fxd Int.	46.9	48.9	+0.1	9.10
Do. Accum	58.8	61.3	+0.1	9.10
TSB Income	170.5	186.2	+0.1	4.89
Do. Accum.	268.6	285.8	+0.1	4.89
TSB Pacific	111.2	118.3	-0.4	0.59
Do. Accum.	114.0	121.3	-0.4	0.59
TSB International	247.2	263.0	+0.3	1.88
Do. Accum.	303.4	322.8	+0.4	1.88
TSB Natural Resources	41.0	43.7	..	2.26
Do. Accum.	41.9	44.6		2.26
TSB Sletd. Opps.	48.4	51.5	+0.1	2.32
Do. Accum	52.6	56.0	...	2.33

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP 01-928 3386

Small Co's Fund	66.7	70.9	.....	0.10

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks (0296) 5941

American Eagle	68.8	73.6	+0.0	0.47
Australia	26.7	28.4	-1.5	0.10
Commodity	74.0	79.5	+0.6	2.21
Energy	36.9	39.4	+0.3	1.38
Equity	103.0	110.2	---	3.32
European Spec. Sits.	70.1	75.0	..	2.19
Extra Income	95.8	102.4	-0.2	6.75
Financial	217.5	231.9	+1.5	2.17
Gilt Income	98.1	102.8	-0.5	8.69
Gold Income	50.4	53.8	-0.2	2.31
Gold Acc.	91.9	98.3	-0.3	2.31
Income	64.7	69.5	+0.3	5.54
Japan	52.3	57.2	+0.2	0.10
Malaysia & Singapore	19.0	20.3		1.38
Pacific Income	64.1	68.6	-0.3	0.10
Pacific Re Inv	78.5	84.0	-0.4	0.10
Preference Share	16.6	17.9		9.70
Special Sits	76.6	82.7	+0.1	0.98
Technology	43.7	46.7		0.10
UK Capital	52.9	56.5	+0.1	2.35
World Income Fund	48.0	51.4	+0.3	7.36
Worldwide Capital	117.6	125.4	....	2.00
Equity Exempt Nov 19	67.2	71.7	...	2.15
Equity Ex. Acc Nov 19	126.0	134.4	...	2.15

Touche, Remnant Unit Trust Mngt Ltd
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250

TR American Growth	30.5	32.8	+0.4	0.93
TR General Growth	43.6	46.9	+0.1	3.02
TR Global Tech.	33.2	35.7	+0.5	3.02
TR Income Growth	49.9	53.7	+0.2	5.34
TR Income Monthly	40.4	43.3	..	7.27
TR Japan Growth	25.6	27.3	-0.1	0.18
TR Overseas Growth	34.4	36.9	+0.1	1.58
TR Smaller Cos.	46.9	50.2	+0.2	2.04
TR Special Ops	50.1	53.8	-0.1	1.92

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-628 8011

TUUT Nov 1	148.8	156.7	.....	3.67

Transatlantic and Gen. Secs. (c) (y)
91-99 New London Rd, Chelmsford 0245-51651

Colmeco Dec 13	380.6	397.4	-0.9	4.34
(Accum. Units)	620.7	648.1	-1.4	4.34
Fielding Fd Dec 12	205.2	213.9	...	3.68

INSURANCES

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

Tyndall & Co
29-33 Princess Victoria St, Bristol. 0272 732241

Demand Acc.	11.35	8.48	12.51	Qr
Money Acc.	11.03	8.29	12.15	Qr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	11.00	8.22	12.70	Mth
Over £10,000	11.25	8.41	12.49	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 5E 0752 24141

High Int Chq Acc.	11.63	8.69	12.83	Qr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	13
BAT	26	Midland Bk.	35
BOC Grp.	27	NEI	10
BSR	8	Nat West Bk.	55
BTR	33	P & O Dfd	35
Babcock	13	Plessey	14
Barclays	33	Polly Peck	21
Beecham	30	Racal Elect.	15
Blue Circle	50	RHM	12
Boots	18	Rank Org Ord.	35
Bowaters	30	Reed Intnl	60
Brit Aerospace	32	Sears	11
Brit. Telecom	17	TI	35
Brown (J.)	3½	Tesco	24
Burton Ord	45	Thorn EMI	34
Cadburys	13	Trust Houses	12
Charter Cons	18	Turner Newall	9½
Comm Union	23	Unilever	90
Courtaulds	13	Vickers	35
Distillers	36	**Property**	
FNFC	12	Brit Land	14
Gen Accident	55	Land Secs	26
Gen Electric	14	MEPC	26
Glaxo	100	Peachey	24
Grand Met	30	Samuel Props	15
GUS 'A'	70	**Oils**	
Guardian	60	Brit. Oil & Min.	3½
GKN	20	Brit Petroleum	45
Hanson Tst.	18	Burmah Oil	27
Hawker Sidd	36	Charterhall	4
ICI	42	Premier	5
'Imps'	16	Shell	55
Jaguar	27	Tricentrol	18
Ladbroke	27	Ultramar	28
Legal & Gen	60	**Mines**	
Lex Service	24	Cons Gold	48
Lloyds Bank	35	Lonrho	12
Lucas Inds	38	Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	1985 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101	99	Exch. 11¼pc '86	99⅞	.....	11.76	11.65
99	96⅜	Treas. 10pcCnv 1986	99½	+⅛	10.05	11.47
97¼	92¼	Treas 3pc 1986	97¼	+¼	3.09	10.11
100	97½	Exch. 10½pc 1986	99	.....	10.55	11.60
101⅞	99¼	Treas 12pc 1986	100¼	+⅛	11.97	11.48
98	94⅞	Treas 8½pc 1984-86‡‡	98 xd	+⅛	8.62	11.34
105	101⅞	Exch. 14pc 1986	102	+⅛	13.73	11.43
95½	87⅛	Exch. 2½pc 1986	95½	+⅛	2.63	8.02
104	101	Exch. 13¼pc 1987	101⅝	+⅛	13.04	11.53
99	96⅝	Treas 10¼pcCv '87	98⅝	.....	10.39	11.45
93⅛	85½	Exch 2½pc 1987	93⅛	+⅛	2.68	8.66
100	96½	Exch. 10½pc 1987	99	.....	10.60	11.25
95	89	Funding 6½pc '85-87‡‡	94	+⅛	6.86	10.70
99	95½	Treas. 10pc 1987	98	+⅛	10.17	11.27
91	84⅞	Treas 3pc 1987	91⅝ xd	+¼	3.27	8.83
102	99⅛	Treas. 12pc 1987	101	.....	11.86	11.25
95	90¼	Treas 7¾pc 1985-88‡‡	93	+⅛	8.26	11.07
100	95⅛	Exch 10½pc '88	98	.....	10.64	11.14
96⅛	93⅛	Treas 9¾pc Cv '88	96 xd	.....	10.07	11.26
87	80	Transport 3pc '78-88	87 xd	+⅛	3.43	8.62
97⅛	91½	Treas. 9½pc '88	95	.....	9.92	11.23
102⅝	97½	Treas 11½pc 1989	100	.....	11.41	11.14
97	90¼	Treas 9½pc Cnv. '89	95	.....	9.95	11.16
84⅛	79	Treas 3pc 1989	84	+⅛	3.57	8.50
99⅞	94	Treas 10½pc 1989	98¼ xd	–⅛	10.69	11.15
98⅛	92	Exch 10pc 1989	96	–⅛	10.37	11.20
101	95	Exch 11pc 1989	99⅝	.....	11.04	11.10
86⅛	79	Treas 5pc 1986-89	85	+⅛	5.83	9.58
40⅛	39	Exch 10¼pcCv '89 (£40pd)	39	+⅛	10.46	10.82
108	103⅛	Treas 13pc 1990‡‡	106¼ xd	.....	12.21	11.02

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
240	146	M'c'rthy Ph. 20p	240	.....	8.2	2.0	4.9	14.8
150	87½	Maclarlane Gp.	123	.....	††2.16	3.1	2.5	17.3
47	34	Macletan (P & W) 20p	41	.....	†1.7	2.3	5.9	8.5
88	46	Magnolia Group	85	.....	2.6	3.0	4.5	10.1
60	28	♦Mansmet Hldgs 10p	60	+4	—	—	—	97.9
515	202	Man. Ship Can. £1	503	.....	5.5	3.5	1.6	26.4
123	70	Marley	115	+2	3.75	2.2	4.7	13.9
107	52	Marling Ind. 10p	89	−1	†d1.5	5.4	2.4	10.8
82	56	Marshall L'xy. 'A'	72	.....	†2.4	4.9	4.8	5.2
77	55	Marshall's Universal	78	+2	†2.0	1.4	4.1	(22.2)
89	78	Do. 7½pcCnPrdPf £1	86	.....	7½%	—	12.5	—
£110	£81	♦Mathesons 7¾%	£110	.....	Q7¾%	2.3	†7.2	—
35	15	♦Maxsprint 1p	20	.....	—	—	—	—
551	375	Metal Box £1	532	+2	17.25	3.0	4.8	8.1
170	110	Metal Closures	149	+1	6.7	2.0	6.4	9.3
17	3	♦Metal Sciences 2½p	5	+½	—	—	—	—
104	63	♦Midland Marts	89	.....	4.0	2.1	7.1	9.6
*93½	55½	Mitchell Cotts	67	+½	4.25	2.0	9.1	(6.8)
230	182	Morgan Crucible	198	.....	†8.0	1.6	5.8	13.7
33	18	♦Morris (W) F.A. 20p	18	.....	g0.5	♦	4.0	♦
131	91	Moss (Robt.) 10p	108	.....	†3.0	2.7	4.0	11.6
81	60	Myson Grp 10p	65	.....	g2.5	3.4	5.5	12.3
330	214	♦NMW Computers	325	.....	†h4.8	2.7	2.1	25.0
43	27	Nash Inds.	27	.....	†2.5	1.5	‡	6.2
48	15	Neil & Spencer 10p	16	.....	♦—	—	—	4.8
44	14½	Newman Inds 10p	28	−1	20.9	—	1.5	(13.2)
57	26	Nolton	52	.....	0.95	2.6	2.6	7.0
216	146	Norcros	198	−2	†8.6	2.0	6.5	10.2
67	45	Nu-Swift 5p	49	.....	†3.0	1.9	8.7	7.9
124	68	Oakwood Grp	90	.....	†d4.5	1.4	7.1	(13.2)
250	150	Office & Elect	207	.....	†7.5	2.6	5.2	10.6
108	75	Oldacre 20p	82	.....	4.0	2.6	7.0	7.3
58	36	♦Optometrics $0.01	36	.....	ad02c	—	4.4	—
525	312½	Oriflame £1	525	.....	†23.4	1.8	4.5	12.4

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −
37	24	Campari Int. 20p	35	−1
215	177	♦Central TV N/V 50p	215	+5
235	170	Chrysalis	212	−4
52	7	♦Entertain Prod 5p	9	.....
103	50	Fairline Boats 10p	103xd	+5
422	228	First Leisure £1	408	.....
69	51	GRA Group 5p	64	.....
32	25	Grampian TVA 10p	30	.....
35	10	♦Greenwich Cable Comm.	22	.....
175	117	HTV Non/Vtg.	175	.....
148	78	Horizon	92	.....
140	95	Intal Leisure 10p	97	−5
232	72	Julianas Hldgs 2p	72	.....
300	217	LWT	258	.....
*36½	29½	♦Leisure Inv 10p	32	.....
65	53	Leisuretime Int 10p	58	.....
115	98	♦Lewmar	103	.....
183	153	♦Media Tech Int 20p	167	.....
205	124	Medminster 10p	155	.....
280	160	♦Miss World 10p	170	+5
127½	68	Nationwide Leisure	71	.....
39	10½	♦Nimslo Int 20c	11½	.....
27	19½	♦Owners Abroad	24	.....
54	36	Photax (Lon.)	46	.....
29	18	♦P'dilly Radio NV 5p	27	.....
90	30	♦Pineapple Dnc St 10p	40	+2
342	183	Pleasurama 5p	297	.....
161	109	Do. 7pcCvCmRedPf	142	.....
96	77½	♦Pres Entertain 50p	*90½	.....
65	18	♦Radio City 'A' NV	25	.....
55	35	♦Radio Clyde N/V	37	−3
63	34	Riley Leisure 10p	56	.....
195	143	Saga Hols. 20p	195	.....
*289	97	Samuelson Grp 20p	279	.....

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
120	48	♦Colby Res Corp	56	.....	—	—	—
550	375	Cons. Murch. 10c	240	.....	gQ86½c	3.9	9.3
40	24	♦Ennex Int. Ir10p	27	−4	—	—	—
123	75	Greenwich Res	86	+9	—	—	—
215	115	Hampton Areas 10p	140	.....	3.75	0.9	3.6
260	135	♦Highwood Res.	145	.....	—	—	—
£22½	£15⅝	Homestake Mining $1	£15⅝	−¼	Q20c	—	0.9
310	155	♦McFinley Red Lake	210	−20	—	—	—
335	195	♦Musto Explorations	245	.....	—	—	—
55	23	♦New Saiwa Res C$1	45	.....	—	—	—
375	195	Northgate C$1	225	−5	—	—	—
685	507	RTZ	519	+4	†20.0	2.8	5.5
£145½	£114½	Do. 9½pcLn '95-2000	£116½	.....	Q9½%	14.0	8.4
980	850	♦Tara Expln $1	875	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¢¢ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Stock	Price	+ or −
Albany Inv 20p	102	.....
Craig & Rose £1	800	.....
Finlay Pkg. 5p	46	.....
Holt (Jos) 25p	700	.....
IoM Stm. £1	70	.....
IRISH		
Fund 11¼% 1988	£99⅝	.....
Nat. 9¾% 84/89	£95¾	.....
Fin. 13% 97/02	£105⅝	+⅛
Arnotts	230	+5
CPI Hldgs	59xd	.....
Carroll Inds.	153	.....
Dublin Gas	75	.....
Hall (R. & H.)	55	+3
Helton Hldgs.	23½	.....
Irish Ropes	45	.....
Unidare	131	.....

"Recent Issues" and "Rights" Page 12

FINANCIAL TIMES

Saturday December 14 1985

Electricians vote for ballot cash

BY JOHN LLOYD, INDUSTRIAL EDITOR

PRESSURE on the Labour movement to drop its formal policy of disciplined opposition to the Government's labour laws mounted sharply yesterday when EETPU, the electricians' union, voted 9 to 1 in favour of taking state aid for ballots, directly challenging TUC policy.

The TUC general council is split over whether to suspend EETPU and the Amalgamated Union of Engineering Workers, which seems certain to reaffirm its willingness to accept state aid when it announces the result of a second ballot on the issue next Thursday.

Mr Eric Hammond, EETPU general secretary, challenged other unions who opposed taking state aid to ballot their members.

"If they fail to respond, it will be reasonable to conclude that they accept that their members are no different from ours and would give them the same reply," he said.

Mr Kenneth Clarke, Paymaster General, later joined his call. Mr Clarke said: "I challenge [union leaders] to put their idea of democracy to the test and ask their members if they want to move to a system of postal voting."

The result of EETPU's poll showed 136,000 members in favour of taking state aid, and 15,339 against. There was a 41 per cent turn-out among 375,000 members.

Just before the announcement of the result, Mr Hammond had received the union's first cheque, for £168,000, from the Government-appointed Certification Officer for ballots held between 1982 and 1984. Mr Hammond, who insisted receipt of the cheque at this time was a coincidence, said the union would immediately apply for money to defray the cost of the state-aid ballot and an earlier ballot on the maintenance of the political fund. Each ballot cost about £100,000.

The AUEW has already accepted £1.2m for earlier ballots. This acceptance led to the crisis at the TUC conference in September, solved temporarily by the union agreeing to hold the second ballot to avoid suspension.

Mr Hammond indicated that most of his members had little enthusiasm for a TUC link. "If we made a cold calculation, we would have more members if we were outside the TUC than inside," he said.

However, he said the TUC seemed to be "moving towards a more realistic view" which might avoid discipline and preempt his taking up the option of leaving the TUC.

He said one of the most difficult questions he had to answer from members was: "What does the union get from being a member of the TUC?"

The electricians voted on a rule change to allow the union to take state money. This was a technical device since the 1980 Employment Act lays down that refunds will be made only for certain types of ballot, of which a rule change is one.

The ballot paper was accompanied by the TUC's report on the issue, which stresses the threat to unions' independence if the money is taken; a reprint of a speech by Mr Hammond to the 1985 TUC conference which says that "we cannot surrender the authority given us by our members"; and a further statement from Mr Hammond explaining that "we are balloting our members so that the TUC understands without doubt where the union stands." It was accompanied by a recommendation from the union executive to vote yes.

Liffe in options contract plans

BY ALEXANDER NICOLL

PLANS were announced yesterday by Liffe, the London International Financial Futures Exchange, to take a bigger share of the rapidly growing world market in hedging instruments. The exchange is to launch four contracts, including three options, in the first half of 1986.

The emphasis on options, rather than on new futures contracts, indicates that Liffe, in common with its larger rivals in the US, sees big potential for growth in the options trading volume.

Liffe, which has seen a steady though unspectacular increase in volume since its establishment three years ago, is keen to capitalise on the greatly increased need for hedging instruments such as futures and options which is expected to accompany next year's "big bang" restructuring of UK securities markets.

Two of the new contracts, an option and a future, will be based on the D-Mark-dollar exchange rate. They will differ from contracts traded in the US, as well as from Liffe's existing D-Mark future, in that they will be quoted in the West German currency rather than in dollars.

This is designed to make the contracts more attractive to foreign exchange traders, whose practice is to quote the rate in D-Marks rather than US cents.

Liffe's other new options will be based on two of its existing futures contracts on government debt instruments. It plans to introduce options on long-term UK gilts in March, and on US Treasury bonds in April.

The new currency contracts, due to be launched on January 30, will intensify rivalry with the London Stock Exchange. It introduced sterling-dollar and D-Mark-dollar options earlier this year, and hopes to swell their their volume through a planned trading link with the Philadelphia Stock Exchange, which pioneered traded currency options.

Business in currency options has grown strongly in the past two years. They provide the means to protect against currency fluctuations.

Banks often lay off in traded options markets the risks they have taken on by selling "tailor-made" options to other banks and corporate customers.

Liffe launched its first two options, on the sterling-dollar exchange rate and short-term Eurodollar interest rates, in June.

It also trades five interest rate futures contracts, four currency futures and a futures contract on the Financial Times-Stock Exchange 100-share index.

Publicity for anti-fraud moves

BY PETER RIDDELL, POLITICAL EDITOR

SENIOR MINISTERS will undertake a high-profile campaign on television and in mass circulation newspapers over the next week to stress to the public that the Government is committed actively to combat fraud in the City of London.

A series of speeches and interviews is planned to precede and to coincide with publication, on Tuesday, of the banking supervision White Paper and, on Thursday, of the Financial Services Bill on regulation of financial markets.

An increase in the stretched resources of the Fraud Investigation Group, part of the office of the Director of Public Prosecutions, and of the Trade and Industry Department's investigation branch, is expected soon.

However, the urgent ministerial review is incomplete and there is no final agreement yet with the Treasury, so ministers may be unable to announce details next week.

There have been problems deciding salary levels for investigation staff, sufficient to attract and keep the necessary calibre of professionals, particularly compared with much higher pay in the City.

Mrs Thatcher, the Prime Minister, is said to be concerned about the recent much greater public discussion of City fraud, and, with Mr Leon Brittan, Trade and Industry Secretary, is anxious to spell out the toughness of the Government's approach.

Mr Brittan, who has said little publicly on the subject, intends to make public statements about the bill over the next week to reassure doubters, particularly among Tory backbenchers.

Prosecution looms, Page 3

Westland Continued from Page 1

—Aerospatiale of France, Agusta of Italy, Messerschmitt-Bolkow-Blohm and British Aerospace—had not "produced an offer which is in the long-term interests of the company."

While the financial shareholding would apparently be the same under both offers the workload offered by United Technologies was more attractive, Sir John said. It is understood that Sikorsky will take the major part of the minority 29.9 per cent shareholding.

Sir John would not disclose Fiat's share, nor further financial terms, although he confirmed that United Technologies would have an option to purchase more shares—40 per cent has been suggested.

Mr William Paul, senior vice-president of United Technologies said Westland would be guaranteed work "both of a manufacturing and an engineering nature" which would not be "dependent on the market place." Proponents of the European rescue bid have thrown doubt on claims that Westland will find buyers on the currently saturated European market for the Black Hawk which it is to produce, but yesterday Mr Paul said that the guaranteed work was not dependent on orders from the Ministry of Defence.

He also declared his hope that the deal would open up the US market to Westland, and improve the so called "two way street" in defence trade between Europe and the US, although he would expect that Westland's collaboration with its European partner which particularly involve Agusta of Italy, would continue.

It was principally in an effort to preserve the Agusta projects, and to develop a common European transport helicopter to beat the Black Hawk that the European companies joined together to rescue Westland in the first place.

Yesterday Mr David Horne, managing director of Lloyds Merchant Bank which is acting for the companies, said that under the European solution, Aerospatiale and Agusta had been ready to agree to switch some of their existing work to Westland.

This would have amounted to 3m manhours over the next few years, valued at some £130m, Mr Horne said. Defence Ministry officials confirmed that the European offer involved ministry orders of six more Sea King helicopters, worth about £25m and involving 300,000 manhours of work.

The Sea King orders were dependent on savings on the development of new collaborative European programmes and would not be available to Westland under an agreement with Sikorsky, the officials said.

An agreement reached only on Thursday between the defence ministers of the four countries on the production of a single European battlefield helicopter to replace the rival Anglo-Italian and Franco-German projects would also lapse, it was suggested.

Last night there was dismay in the European camp at the Westland action. However, Mr Horne held open the possibility that the companies would consider ways in which to fight the Westland decision, including the option of taking it direct to shareholders.

"We are not prepared to lie down and accept this answer," Mr Horne said.

Westland, however, believes it has settled the matter, and is preparing details of the agreement with United Technologies and of the company's capital restructuring for publication next week.

Michael Donne, Aerospace Correspondent writes: Westland's decision to accept the joint United Technologies (Sikorsky) and Fiat solution to its future work-load difficulties is likely to be welcomed by many in the aerospace industry.

The chairman of Westland, and the president of Sikorsky, both pointed out last night that the solution did not threaten the Westland association with Agusta of Italy on the current EH-101 Sea King helicopter replacement programme.

But it is recognised in the industry that the Sikorsky link could generate a substantial long-term workload for Westland because of the opportunities it will create for the UK company in the US market. New programmes such as the US Army's LHX (Light Helicopter Experimental) could generate a demand for several thousand aircraft to the end of the century.

There is also likely to be potential for the sale of the new Rolls-Royce RTM-322 helicopter engine to the US Army, both for Black Hawk helicopters in service and on order.

Sharp reaction Continued from Page 1

helicopter market in coming years.

Agusta meanwhile stressed its determination to press ahead, together with the French and Germans, on development of a new heavyweight naval helicopter in which Westland is still to be involved.

Mr Raffaello Teti, president of Agusta, speaking in Rome last night, however, expressed deep regret at the way in which the Sikorski-Fiat deal was struck.

He said: "One hour after we presented the proposals of European helicopter industries led by Aerospatiale of France, MBB of West Germany, British Aerospace and Agusta, and without even time for the proposals to be examined, we were informed that the Fiat-Sikorski team had won.

"There can be no doubt that a decision of this size could not be taken in one hour, particularly on a matter of such importance to shareholders of Westland."

"We are sorry that the decision of four European governments and four European helicopter manufacturers to collaborate in development has received a very serious blow. If possible, despite this setback we will strengthen the relationship between the French, Germans and Italians and hope that we can achieve our goals."

Mr Teti said that the willingness of helicopter-makers in Europe to come to the rescue of the troubled Westland had been at a certain financial risk and Westland's choice would affect future European collaboration.

Pact near for Channel Expressway

By Andrew Taylor

CHANNEL EXPRESSWAY, one of the leading groups bidding to build a fixed link across the Channel, is understood to be close to an agreement to bring a French partner into its plans.

Negotiations have been taking place between Sea Containers, the Bermula-based shipping group backing Expressway's plans to build separate road and rail tunnels under the Channel, and Dragages et Travaux Publics, a subsidiary of SCREG, the French construction and civil engineering group.

Details of a deal are expected to be announced in the next few days.

Channel Expressway has struggled to win support in France because of the lack of French involvement in its plans. It recently announced that Credit du Nord, the French bank, had been appointed to lead managed the raising up to 50 per cent of the development loans it will need to build the two tunnels.

Dragages announced a consolidated loss in 1984 of FFr 26.7m (£2.4m) on a turnover of FFr 5.3bn. This compares with a profit of FFr 33.1m in 1983.

The company has been involved in the French nuclear power station programme, at Gravelines near Calais and Flamanville in Normandy, as well as a large number of civil engineering contracts overseas.

Losses in 1984, says the group, were due to substantial provisions made against three big contracts in Algeria, Egypt and Venezuela.

It is not yet clear whether Dragages will take a sizeable equity stake in Channel Expressway. The cost of building the road and rail tunnels has been estimated at £2.5bn (at 1985 prices), of which £400m is likely to be raised in equity. Sea Containers has already said it intends to subscribe for £100m of the shares.

Channel Expressway's two main rivals, Channel Tunnel Group and EuroRoute, already include powerful groups of French shareholders. Channel Tunnel Group proposes a twin-bore rail tunnel, while EuroRoute plans a road and rail scheme involving bridges, artificial islands and tunnels.

Channel Tunnel Group's French shareholders include three construction groups, Bouygues, Dumez and Spie Batignolles, and three banks.

Inflation rate up slightly in November

By Anatole Kaletsky

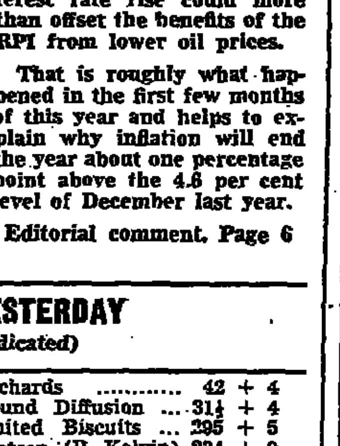
THE inflation rate rose slightly in November, suggesting that prices may end the year somewhat above the level predicted by Mr Nigel Lawson, Chancellor of the Exchequer, in last month's Autumn Statement.

The rise in the retail price index in November was 0.3 per cent, leaving it 5.5 per cent above its level a year earlier, the Department of Employment reported yesterday.

In the year to October, the inflation rate was 5.4 per cent, after the increase of only 0.1 per cent in the RPI that month. Price rises already in the pipeline this month will probably push the year-on-year rate higher than that for the 12 months to November. The statistical effect arises because prices fell by 0.1 per cent in December last year.

However, even if the Treasury forecast of a year-end inflation rate of 5.5 per cent is exceeded slightly, government officials remain confident that a downward trend will be resumed in the new year.

The Treasury's forecast in the Autumn Statement showed inflation at 3¾ per cent by the end of 1986 and yesterday's figures appear consistent with this prediction.



November's price rise of 0.3 per cent, which translates into an annual rate of 3.7 per cent, was due mainly to higher telephone charges, cigarette and food prices, along with continuing substantial growth in the cost of housing and general services. This was partly offset by lower petrol prices.

Ironically, the biggest threat to the Government's inflation target could be the possibility of an abrupt fall in oil prices. Lower oil prices could lead to higher inflation in Britain if they undermine confidence in sterling and force the Government to accept a devaluation or an increase in interest rates.

According to most econometric models, the inflationary effetcs of an oil-induced currency devaluation or interest rate rise could more than offset the benefits of the RPI from lower oil prices.

That is roughly what happened in the first few months of this year and helps to explain why inflation will end the year about one percentage point above the 4.6 per cent level of December last year.

Editorial comment, Page 6

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Aspinall Hldgs	161 + 6		Richards	42 + 4
Automotive Prods	120 + 9		Sound Diffusion	31½ + 4
Boots	258 + 9		United Biscuits	295 + 5
Connells Est Agents	190 + 8		Watson (R. Kelvin)	234 + 9
Grand Metropolitan	368 + 8		Wedgwood	234 + 8
Greenall Whitley	171 + 7		Yorkshire Chems	75 + 5
Greenwich Resrcs	86 + 9		FALLS	
JS Pathology	237 + 14		Beecham	328 − 8
Lex Service	300 + 16		Berisford (S. & W.)	159 − 8
McKechnie Bros	189 + 9		Brown (Matthew)	410 − 147
Mercantile House	298 + 25		Cohen (A.)	405 − 35
Northern Foods	284 + 4		Monk (A.)	104 − 12
Parkfield	226 + 18		Scott & Newcastle	168 − 7
Pegler-Hattersley	333 + 13		Spencer Clark	131 − 7
			Wassall (J. W.)	48 − 7

WORLDWIDE WEATHER

UK today: Mild. Mostly dry and cloudy with bright intervals in the E and S and in E and S Scotland. Outlook: Mild, with rain.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	12	54	Dbrvnk.	F	15	59	Madeira	C	18	64	Peking	S	3	37
Algiers	C	12	54	Ednbgh.	F	6	43	Madrid	C	2	36	Perth	S	23	73
Amsdm.	R	3	37	Faro	S	15	59	Majorca	S	14	57	Prague	C	2	36
Athens	F	14	57	Florence	S	10	50	Malaga.	S	16	61	Reykjvk.	F	0	32
Bahrain	C	23	73	Frankft.	F	−1	30	Malta	F	17	63	Rhodes	F	19	66
Belfast	C	7	45	Geneva	C	1	34	M'chstr.	R	12	54	Rio J'o		—	—
Belgrd.	C	7	45	Gibraltar	F	—	—	Melbne.	C	17	63	Rome	S	13	55
Berlin	C	2	36	Glasgow	F	9	48	Mx. C.		—	—	Salzbrg.	S	3	37
Bmghm.	C	13	55	G'msey	R	10	50	Miami†	S	19	66	S F'cisc†	F	3	37
Blackpl.	R	9	48	Helsinki	R	2	36	Milan	S	4	39	Singapr.	F	31	88
Bombay	S	27	81	H. Kong	S	17	63	Montrl.†	C	−1	30	S'tiago		—	—
Boulgn.	C	6	43	Innsbrk.	S	1	34	Moscow	C	−7	30	Stckhm.	C	1	34
Bristol	R	12	54	Invrnss.	S	7	45	Munich	C	1	34	Strasbg.	Fg	−1	30
Brussels	C	3	37	I.o.Man	F	9	48	Naples	F	10	50	Tel Aviv	S	26	79
Budpst.	S	7	45	Istanbul	C	11	52	Nassau		—	—	Tenerife	F	21	70
Cardiff	R	11	52	Jersey	R	10	50	Nwcstl.	F	8	46	Tokyo	C	10	50
Cape T.	F	23	73	Jo'burg	F	25	77	N Delhi	F	19	66	T'ronto†	F	−7	19
Chicago†	F	−14	7	L. Plms.	C	21	70	N York†	C	3	37	Tunis	C	14	57
Cologne	F	3	37	Lisbon	S	8	46	Nice	S	12	54	Valencia	S	14	57
Cpnhgn.	R	4	39	Locarno	S	4	39	Nicosia	F	21	70	Venice	C	9	48
Corfu	S	19	66	London	R	12	54	Oporto	S	13	55	Vienna	C	4	39
Dallas†	C	−2	28	L. Ang.†	F	5	41	Oslo	F	6	43	Warsaw	C	3	37
Dublin	F	13	55	Luxmbg.	Fg	−3	27	Paris	C	2	36	Zurich	C	1	34

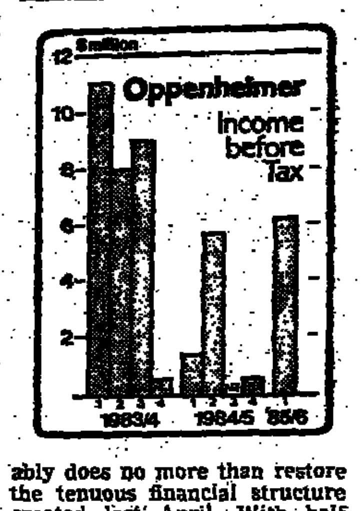
C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Black knight for the Telegraph

Balancing the fears of an oil-induced sterling crisis against the desire to follow New York, the London market has probably ended the week slightly more comfortable than it started off. The prospect of seeing the Cable & Wireless issue left on the beach by a falling equity market, a genuine worry last Monday, has been averted. Although trading is less frantic than when the market was reaching the top last month, the market may have worked its way through the worst of its sterling-induced nerves; the highly rated stores sector has been quite thoroughly shaken out to make way for the old weak-currency standby, export and translation sensitive stocks like ICI and BAT. And it is just possible that the fund-managers' frenzied search for takeover profits has passed its peak. How else to explain the market's marginal rejection of Scottish & Newcastle's bid for Matthew Brown, which the day after was looking like a decision that had cost 150p per share.

Index rose 1.1 to 1105.9



The Telegraph

Mr Conrad Black's rescue of the Daily Telegraph has turned out every bit as desperate an affair as anyone outside the Telegraph boardroom could have imagined. After a six month period in which the Telegraph lost £16m without even counting the interest cost of its investment in new facilities — capitalised until the plant is in use — the only alternatives can have been receivership or a large transfusion, followed by a change of control. As near as can be discovered, since the recapitalisation last April the Telegraph has used up all its distributable reserves and may well have ended the period with borrowings of three to four times its remaining equity.

By not explicitly insisting on specified reductions in overhead before putting in the present £20m, Mr Black may have missed a trick, since an attack on labour costs is the only way to make significant improvements in a cash flow that remains inadequate to service the Telegraph's prospective interest bill. It may be that this type of ultimatum will follow before long, if more working capital comes to be needed; even without the explicit weapon of threatened liquidation, it appears that the print unions are currently being asked for a near halving of some wage rates.

Yesterday's package probably does no more than restore the tenuous financial structure created last April. With half the Reuters holding already sold, there are precious few liquid assets left to allow room for manoeuvre. Having lost market share to The Times and Guardian, the Telegraph's shift to web offset printing risks losing more, given the probability of much higher wastage rates as the new process is learned, adding to newsprint costs and putting pressure on advertising rates. The paper is evidently still so tightly stretched that if the operating numbers are allowed to get worse before they get better, the Telegraph's new presses may never have a chance to roll.

Mercantile House

Mercantile House has been hemmed in on all sides for the last year. So long as the equity market believed that the group's London operations were undercapitalised, Mercantile shares were bound to attract a rating which made it difficult to replenish the capital base. The other option—to repatriate capital from the foreign outposts—was also a little awkward; Mercantile's public commitment to the idea of a global securities market meant that a concentration on London might be interpreted as an abandonment of its earlier strategy.

But something had to give and yesterday it did. The sale of a majority interest in Oppenheimer & Co, its New York brokerage business, may blow a small hole in the global structure but at least it releases cash for reinvestment in London. And, in the run-up to big bank, money talks louder than strategy.

Oppenheimer has been the most obvious disposal candidate almost since Mercantile bought it. Its volatile profits record has reduced the overall quality of group earnings, while its expertise in retail equity business has scarcely complemented Mercantile's increasing interest in wholesale fixed-interest markets. And, having bought Oppenheimer on advantageous terms with cheap dollars, the parent could count on a sterling book profit as well as an infusion of cash.

Mercantile paid $162.5 for Oppenheimer in late 1982. Of that, perhaps $100m was attributable to the brokerage operations which are the subject of the management buy-out. If the group realises twice book value for the brokerage assets, admittedly an ambitious target, it will show a notional profit of around £40m on its investment. In practice, both the profit and the cash proceeds will be reduced by Mercantile's retention of an 18 per cent interest. The group is so far keeping the numbers to itself, but there was no doubt yesterday that the equity market liked the flavour of the deal. Mercantile's shares added 25p to close at 295p.

Guinness/Britannia

Welcome to the total profit. This unusual definition of earnings makes its maiden appearance in the Britannia Arrow defence document and, so that shareholders are not at a total loss to understand what it means, an explanation is prominently displayed in section 3, paragraph (iii), clauses (e) and (f) of Appendix II of the document. Impossible to miss it.

Britannia has arrived at the total profit by adding the surplus of investment sales to the pre-tax figure, a policy which Guinness Peat considers deplorable. But Britannia believes that GP's accounting treatment is deplorable too, so there is not much to choose between them.

The equity market is not much interested in the accounting debate or, for that matter, in the arguments advanced by the two sides. The real question is whether Guinness Peat will increase its offer before next Friday's deadline. The bidder already has almost a third of Britannia under its belt and could carry the day with the support of half a dozen institutions and Mr Robert Maxwell. But, with the Britannia share price still well ahead of the paper terms, that looks a tall order.

WEEKEND FT

Saturday December 14 1985

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

A curious pall now hangs over China's relations with Japan, **Jurek Martin** explains why.

Autumn of discontent

JUST a few hundred yards from Tienanmen Square in the heart of Peking is a roadside noticeboard. Like many others throughout China it normally is reserved for local civic announcements, on road safety and the like. Early last month, however, a passerby would have seen that this one contained something very different—pages and pages of graphic and horrific old newspaper clippings depicting, in gruesome detail, some of the atrocities perpetrated on Chinese by the Japanese military in the Second World War.

It was not an isolated expression of discontent. Last Sunday, thousands of students gathered to commemorate the 50th anniversary of the "December 9th Movement," an uprising by young Chinese against the Japanese invasion. On September 18 similar, and much more overt, anti-Japanese demonstrations took place in the capital and in Chengdu and Xian.

Two weeks ago, the large billboards advertising Japanese consumer products started disappearing from the centre of Peking. There have been reports, less well substantiated, that Japanese businessmen in China have been advised by their embassy to refrain from singing old war songs in public places when they gather for an evening of entertainment and drinking.

The public picture looks rather different in Japan, however, where the preceding events have been distinctly under-reported, although duly recorded. Three weeks ago, anybody watching and reading the Japanese local media could have been excused for thinking the Reagan-Gorbachev summit in Geneva was but a sideshow. The big domestic story was the arrival in Japan of another party of Chinese "war orphans": men and women, now in middle age, of at least partly Japanese parentage who were left behind in China in the chaotic climax to the war 40 years ago. Now, Japan is seeking to reunite them with their lost families. Each successful reunion has been chronicled endlessly by the camera and the pen; each failed search has been depicted poignantly. Japan, it seems, is trying to convey a very different message—indeed, that it is seeking, in part, to atone for the past.

However, a curious pall now hangs over Sino-Japanese relations. Both nations do not disguise that they need each other, but they are strangely out of step over how best to achieve mutual interdependence and respect. Each seems to harbour superiority and inferiority complexes about the other.

Japan acknowledges freely its historical debt to China, from which it derives its written language and Confucian system of social values. Every Japanese public opinion poll shows that, next to the US, no nation is held in higher regard than China. Japan's national security interests are served best, it is agreed universally, by a stable, independent "middle kingdom."

For its part, the Chinese regime, under Deng Xiao-ping's guiding hand, appears to recognise that whatever it might have bequeathed to Japan in the past, the social and economic values prized most highly in the latter half of the 20th century often are embodied best in nearby Japan. China needs to learn Japan's economic skills in production, management and promotion. With Chinese foreign policy now consumed less by simple anti-Sovietism, and intent more on an omni-directional course, Japan's Western (and Asian) connections could prove invaluable to China. Both, in any case, have common regional interests, in which a large joint stake in the future of the Korean peninsula merely is the most obvious.

Yet, there is today surprisingly little of a sense of shared issues, let alone shared concerns. The public complaints are almost exclusively one way—from China about Japan. Among other things they run heavily to allegations that Japan has attempted ruthlessly to exploit China commercially (only last week, Deng Xiao-ping himself launched a blast at the magnitude of the Japanese bilateral trade surplus). It is just possible that some of these public manifestations of Chinese discontent with Japan mask an internal debate over Deng Xiao-ping's "open door" economic policies. It seems more likely, however, that they point to a more deep-rooted unease between the two nations.

That such recognition of mutual problems exists now is at least an improvement on nearly 100 years of bilateral hostility. Both nations emerged from self-imposed and different forms of self-containment at about the same time—Perry's "black ships" at anchor off Shimoda in 1853 marked the beginning of the end of Japanese feudalism, while it was just seven years later that Lord Elgin marched into Peking. For the balance of the century, the Meiji Restoration from 1868 on launched Japan on its startling path to modern development while China, attitudinally at least, still saw the rest of the world as "barbarians."

The two nations fought, briefly, in 1894. China was rescued by the major powers and Japan felt humiliated. Just over 40 years later, Japan's militarist leaders, intent on promulgating their own "co-prosperity" doctrine, set out to rectify that omission. War was declared in 1937.

Since the war, Japan's approach to China has in good measure been dictated by Washington. In 1952, at America's behest, Tokyo recognised Chiang Kai-shek in Taiwan as the representative of "China" (indeed, the Taiwanese connection, predominant in the Sata Governments from 1964-72, remains strong today in the backwoods of Japanese politics). For 20 years, Sino-Japanese relations were fraught; China even cut off trade to protest at an alleged insult to its flag in Nagasaki in 1958. President Nixon's "shock" visit to China in 1972 changed Japanese perceptions radically and, within a year, Prime Minister Tanaka was himself in Peking.

Officials in both countries today like to suggest there is nothing fundamentally wrong with the relationship; only that some of its component parts might work better. Zhou Nan, China's blunt deputy Foreign Minister, insists there are no quarrels between the Chinese and Japanese people.

However, such pro-forma expressions of reassurance must be matched against the reality that this autumn China did take the extraordinary step of, in effect, interfering in internal Japanese politics. Moreover, it chose to do so on an issue—the Second World War—that clearly has not slipped from the Chinese memory, even if it has more from the Japanese.

The issue itself needs some explaining. Yasubiro Nakasone, the Japanese Prime Minister, has become the first head of the Japanese Government to visit, in his official capacity, the Yasukuni shrine in Tokyo. This is the Shinto shrine in which reside the souls of Japan's war dead. These happen to include 14 Class A "war criminals," some of whom were indeed responsible for wartime atrocities inflicted on China.

Nakasone's purpose in doing what none of his predecessors would is, in his view, to re-ignite "sound nationalism" in Japan. As he sees it, modern Japan needs to face up to, and not run away from, the less pleasant aspects of its history; nor should it ignore those who gave their lives in combat, even though the cause was misguided. Nakasone's domestic critics believe he is a militarist whose visits to the shrine constitute an emergence from the closet.

The problem for both Nakasone and his critics is the total insularity of Japanese politics, into which foreign considerations hardly ever intrude. There is no evidence he set out to offend China by paying his respects to a shrine honouring, among others, war criminals—although, frankly, he should have known better.

Nakasone visited the shrine in the middle of August and China took notice—hardly surprisingly since, like just about every other nation involved in the war, it was in the process of commemorating its end. There had been any number of reflective items in the Chinese media. Diplomatic protests and public demonstrations followed: those in Peking even ran to placards with pictures of Nakasone himself. At the start of October Shintaro Abe, the Foreign Minister, felt it necessary to go to China to seek "understanding" of the nature of the internal Japanese debate.

Whether China understood or not, it surely was not simple coincidence that two weeks later, Nakasone found it convenient to forego a next planned attendance at a Yasukuni festival.

Some Chinese also see a connection between the war and the commercial friction that now complicates relations between the two countries. He Jian-Shang, of the Academy of Social Sciences, argues that the advent of the "open door" policies of the late 1970s exposed many Chinese to Japanese goods for the first time in nearly 40 years. Many of them, he says, were marked with little Rising Sun flags; meant innocently, perhaps, but disturbing for a nation that lost 20m people (equivalent to one per family, he notes) fighting Japan.

Disturbed or not, the Chinese people certainly went on a buying spree of Japanese commodities—above all, consumer durables. In 1982 alone, China enjoyed a surplus on trade with Japan reaching $1.8bn; last year, with its exports surging by 46 per cent, Japan was in the black by $1.26bn. In the first three quarters of this year, with its sales to China more than doubling, the Japanese surplus stood at more than $4bn.

Over the past 12 months, China's foreign exchange reserves fell from about $17bn to barely $10bn. The country was faced with the uncomfortable reality of a shortage of hard currency with which to pay for its ambitious development projects. Now, the Government is intent on tightening up the rules and suppressing domestic demand in order to ensure that new industries pay for themselves by generating export earnings. Japanese companies that had been enjoying a geniu bonanza (colour TV sales, for examp went up from 10,000 a month two yea ago to 350,000 by last summer) clear are going to have to think again.

The Chinese allege that Tok is intent more on practising econom imperialism than in co-operating wi China's national development effo Specifically, the criticisms are that Japa wants only to sell to China, not inve in it; that it is passing off sub-standa goods; and that it was most relucta to sanction the transfer of the advance production technology China needs badly. Nor will Japan acknowled China's need to pay for developme because its markets still are too close to those commodities (textiles and agr cultural products) that China ca already produce efficiently

Certainly, too, Japan has bee cautious about investing in Chin though the trend has been upwar (nearly 60 projects now, against only in 1983). The standard explanatio always has been that it would be impr dent to commit too much to China s long as there is uncertainty about th country's future directions, especiall once Deng Xiao-ping has passed fro the scene.

Despite this, there are more Japanes in business in China than representa tives of any other country. They seem even to be acquiring a sense of perman ence, to judge by the fact that two gol courses are being built (principally fo their delectation) on the outskirts o Peking; one is cheek-by-jowl with th Ming tombs.

Those who do stay must surely b appreciating that China and Japan stil are light years apart economically, an that closing the gap will require mor even than floods of technology transfer One clear difference lies in the attitud to work. Contrary to the industriou image of overseas Chinese, the wor ethic does not seem necessarily imbue into modern mainland China as it stil is, even if diluted slightly, in moder Japan. China remains very much developing nation; its people lack many of the tools on which to work and probably, many of the conventional goal for which to work other than surviva Deng Xinao-ping's exhortations for hi countrymen to take only one hour off fo lunch are viewed with wry amusemen in Canton, where a two-hour break i more like the bare minimum.

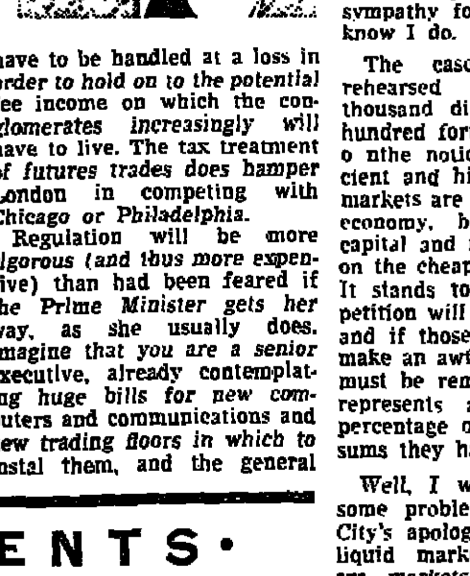
It is not merely the resident business men, though. Suddenly, China ha become a major tourist attraction fo the affluent Japanese; even schools are sending children on study trips. One recent morning saw 200 Japanese junior high schoolgirls, each in an identical sailor suit uniform, waiting incongruously in line on the station platform at Wuxi, near Nanjing, utterly apart from the curious Chinese standing all around them. It was hard not to avoid the conclusion that these young girls must have glimpsed in China the older, poorer Japan that their parents had told them about but which they had never experienced.

For all their historical bonds, therefore, China and Japan seem to have much to learn about each other and from each other; Japan might need to lose its awe of China as a cultural mentor and see it today for what it is—a nation in need of assistance as well as Toyotas. China might need to she some of its contempt for a nation to which it gave much but received grievous treatment in return. Each needs to understand rather better the other's feelings. The courtship is as yet in its early stages and an eventual union of interests by no means assured.

The Long View

Why the City faces a queasy Christmas

Dyspepsia reigns in the London markets as would-be broking giants count the exorbitant cost of entry. Bad news for the City but not so bad for industry, says Anthony Harris



INDIGESTION SEEMS to have set in several weeks early in the London financial markets this year. Life is always a little difficult for the financial journalist at the climax of a good, solid bull market; but while in previous years the main obstacle to work was running into cheerful acquantances wanting to stand you drinks at rather improbable hours, the same acquaintances now look as if they had not been choosy enough about their oysters, and want to buttonhole you to tell you their troubles.

Now, while it is always difficult to work up much sympathy for the troubles of the very rich, it is easy to see what they man. First of all, all those in charge of the new financial conglomerates were even at the time aware that they paid much too much for their tickets of entry when they bought into broking and jobbing. What they are now calculating sadly is how much too high it was.

The businesses they have bought not only need large injections of trading capital but a great deal of very expensive equipment to catch up with modern computerised trading. In New York, after its own big bang, these needs were smaller; and the reduced commissions did lead to a vast increase in turnover. In London, where personal investment still is a minority sport, the main growth will be in the least profitable areas; and, in any case, transaction costs will still include stamp duty.

This, however, leads to the heart of their woes; because while the City could od with some political help, it knows that it isextremely unlikely to get it. "I cannot remember a time when the City was so universially loathed," one practitioner remarked bitterly.

Most City men tend to blame the minority who are giving Brian Sedgemore, MP, so much material for self-publicity at the moment—Lloyd's, especially, is at present detested within the City, let alone outside it. But I suspect personally that the excessive prices paid for broking and jobbing partnerships, and the excessive salaries on offer for dealers, have a lot to do with it. Provoke enough envy and loathing is never very far away.

The result certainly seems likely to do more damage than mere hurt feelings. Stamp duty really is a severe handicap in a market where commissions and spreads on big transactions will in due course be bargained down to paper thinness; large-scale business will probably have to be handled at a loss in order to hold on to the potential fee income on which the conglomerates increasingly will have to live. The tax treatment of futures trades does hamper London in competing with Chicago or Philadelphia.

Regulation will be more rigorous (and thus more expensive) than had been feared if the Prime Minister gets her way, as she usually does. Imagine that you are a senior executive, already contemplating huge bills for new computers and communications and new trading floors in which to instal them, and the general outbreak of dyspepsia is not hard to understand.

There is one more sour piece of icing on the cake. Some of these gloomy financiers now have something more than a suspicion that they will be facing all these problems not only without a friend in the world, but in a bear market. I do not pass this on as a tip: people, after all, tend to feel about markets as they fell about life in general. However, if you share this suspicion, or even take the trouble to imagine that you share it, you may feel an unexpected twinge of sympathy for the super-rich. I know I do.

The case for the City, rehearsed endlessly in a thousand dining rooms and a hundred formal speeches, rests o nthe notion that broad, efficient and highly liquid capital markets are vital to an efficient economy, both in allocating capital and making it available on the cheapest possible terms. It stands to reason that competition will ensure this result; and if those involved seem to make an awful lot of money, it must be remembered that this represents a tiny, fractional percentage of the astronomical sums they handle.

Well, I wonder. There are some problems that even the City's apologists admit. Highly liquid markets, for example, are markets in which it is especially easy for investment managers to take very short views—a problem which has recently been thrashed out at some length in our correspondence columns.

There is a rather embarrassing number buried away tactfully not in the main tables of the official financial statistics, but in the notes and definitions. This shows that City intermediaries somehow manage to take 10 per cent of the total cash flow of private pension arrangements for administration dealing and sales costs.

The most embarrassing fact, however, never seems to get mentioned at all. It is simply this: the evidence—comparing, say, London and New York with Frankfurt and Tokyo—suggests that efficient capital markets do no provide cheap capital for industry. On the contrary, they provide very expensive capital.

This is not an accusation but a suggestive fact. It could turn into an accusation if it could be shown, as for pensions, that total transaction costs are excessive; and it certainly is true that the large incomes found in the financial sector do not materialise out of thin air.

However, efficient markets could still drive up the cost of capital, even if they were run by a self-denying monastic order on a much more innocent hypothesis: that efficient markets (which are, after all, only efficient intermediaries) tend to deliver their major benefits to savers rather than to borrowers.

Now, this is clearly not true at all times—the bigger the stock of money-based assets, the bigger the loss savers may suffer at times of rapid inflation. Nor does it mean that the system is operated with a bias towards savers' interests. It simply means that the interest ceilings and credit controls that infest inefficient markets favour selected borrowers.

At present, though, it is certainly true that American businesses pay more for capital than German, despite low inflation in both countries, and British more than French. It also is true that all countries with oversized capital markets—you can add Switzerland, for example—tend to have overvalued currencies.

Perhaps British industrialists, who have never loved the City, understand their own interests when they withhold their sympathy in hard times like these.

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Shares weather storm as oil price flounders

OPEC's decision to risk a price war to gain market share threw the oil market into chaos this week with a domino effect through the foreign exchange and equity markets. Following the conference decision the price of Brent crude was immediately down to $26.50 in London compared to a recent high of over $30 a barrel and at one point it was trading at $21.80 in Rotterdam before bouncing back a few dollars.

The drop in the oil price left the pound slipping early in the week, raising the question of whether the authorities might knee-jerk interest rates higher to defend sterling. The message from Downing Street suggests that rates will not be pulled up again as they were earlier in the year when sterling was running low, although any thoughts of a cut in base rates can presumably be forgotten.

The Chancellor's scope to indulge in some electioneering tax cuts in his next Budget also appear to be disappearing fast which is bad news for consumer spending so the stores sector was left in retreat.

Understandably the oil sector was also slipping though equities generally held up surprisingly well given the wave of potentially bad news. Partly that was in reaction to the gilt market, where some double figure yields attracted buying that spilled over into equities.

But the real reason for the stability in share prices had more to do with the stock market's belief that trading in the oil spot market had totally over-reacted to the OPEC news. There will be pressure on the oil price, that seems inevitable, if OPEC members are unwilling to cut production for the non-OPEC producers such as the UK, are unlikely to volunteer to firm output to avoid a glut. But if the price can keep around its current level, shares should be able to hold reasonably steady and may yet see a small upturn in the run-up to Christmas.

For a while it looked as if Monday would slip by without another £1bn bid being launched to kick the week off. But in the early evening GEC came forward with a near £1.2bn offer for fellow electronics group, Plessey.

The terms are a mixture of cash, shares and convertible stock but in effect the price is little different from the 160p a share that Lord Weinstock had tentatively outlined the previous week. That approach was promptly rebuffed and a counter suggestion made that Plessey should buy GEC's interest in System X, the digital telephone exchange equipment. So an actual bid 20p below the market price was not going to change Plessey's mind.

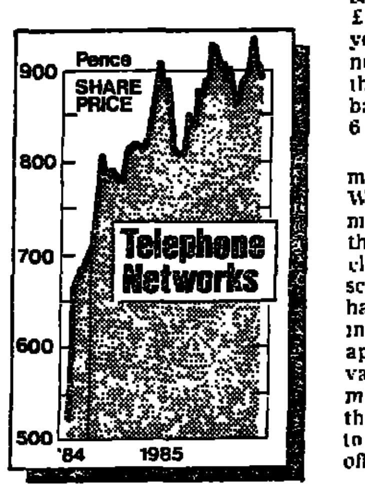
The attack follows Plessey's poor second quarter figures in the middle of last month where six month profits were down by £10m to £70m. The general view in the City was that System X sales were not going well,

London

only £69m were achieved in the first half, to produce a £1m loss, and there was a certain scepticism over the company's prediction of selling £200m worth of System X to BT for the full year. The shares, which had performed badly throughout the year, attracted still more "sell" recommendations.

Though if System X really was going so badly for Plessey would GEC have stepped forword with a bid now? Surely it would have been better to wait until it's target price has been damaged by another pectations for System X has been disproved?

That GEC has bid suggests that Plessey's troubles are not as great as some in the City



would believe but more importantly Plessey's thoughts on System X seemed to be echoed by British Telecom when it met the analysts this week to talk about its interim figures. In its first half it spent £160m on System X and is forecasting £480m for the full year — that lends credence to Plessey's numbers.

Contrary to earlier expectations Plessey might achieve a reasonable result in 1985-86 and with a bid on the table the directors may feel able to forecast a profit getting on for £200m pre-tax, dropping the p/e on the current share price to under 11. That hardly looks expensive.

Clearly if GEC wants to succeed it will have to improve on its original terms assuming, of course, the Monopolies Commission does not intervene — and there must still be a 50-50 chance of that.

So there is still a good chance that Plessey can retain its independence although GEC is unlikely to parcel up its System X interests and sell them to the defenders as a reward. Bringing the two together would make sense, however, and judging by the way Plessey seems to be in Telecom's good books, the customer for those digital exchanges may well smile on Plessey owning the lot — but it seems an unlikely outcome.

As for British Telecom's own figures, profits for the six months came in marginally lower than expectations with £955m pre-tax against £664m after a dull second quarter when the growth rate in international and internal telephone traffic slowed.

With the help of the November price increase Telecom should still be on target for £1.85bn pre-tax for the full year which, adjusting for the next call on the shares, leaves the prospective p/e at 13.7 backed by a yield of close to 6 per cent.

That rating looks positively modest compared to Cable and Wireless, the other telecommunications group in the news this week. The offer for sale closed Wednesday twice subscribed although the issue was hardly a bonanza and a lot of investors who had posted their application forms well in advance must have been very miserable early in the week as the market price slipped down to within pennies of the 587p offer price.

The new partly paid shares got off to a small premium yesterday although the rating does look a bit optimistic. Because of the way foreign exchange rates are impacting on sterling profits the second half growth rate could be down to a single figure which is not much support for a prospective p/e of close to 17.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ordinary Index	1,105.9	−11.7	1,145.9	911.0	Sterling/oil uncertainties
BAT Inds.	295	+17	386	256	Currency influences
Berkeley Group	285	+20	285	146	Good half-year figures
Brit. Home Stores	370	−44	436	237	Store shares run into profit-taking
BP	542	−13	605	473	Opec move triggers price war fears
BPCC	196	+17	205	139	Withy Grove purchase
Britoil	207	−18	243	187	Opec move triggers price war fears
Brown (Matthew)	410xd	−125½	573	260	Scot. and Newcastle bid lapses
Chloride	33	−11	53	26	Poor interim results
Cooper (Frederick)	24	− 4	36	21	Reduced dividend and profits
Deutsche Bank	£212	+25	£212	£104½	Recent Flick Industrial acquisition
Energy Capital	40	−12	74	17	Speculative bid hopes fade
GUS A	830	−52	905	680	Store shares run into profit-taking
Kakuzi	85	+28	125	57	Final dividend payment approved
McCarthy and Stone	250	−40	315	195	Profit-taking following annual results
McKechnie Bros.	189	+27	195	112	Williams Holdings takes 6% stake
RHP	119	+11	121	78	Good preliminary figures
Spencer Clark	131	+24	138	35	Bumper annual results
Tate and Lyle	538	−30	592	417	Profit-taking after prelim. statement
Triton Europe	240	−75	405	100	Oil price worries/profit-taking

Two more join the big league

THE Unlisted Securities Market learnt this week that it would be bidding farewell to two more participants. Few tears were shed at the news, however, for it is not into the hands of the receiver that the companies are going, but into the welcoming arms of the stock market proper.

Both two companies' sojourns on the USM have been brief. Northamber, a wholesale distributor of computer printers, joined in June last year; and The Berkeley Group, a builder of up-market houses on the south-east, the month after.

The other main feature they have in common is their speed of growth. Berkeley came to the market with profits of £1.53m for the year to April 1984. A year later it reported annual profits of 2.23m, and on Tuesday it reported an 84 per cent growth in interim profits to £1.67m.

Its shares, placed at 85p, closed the day at 282p—a remarkable 331 per cent rise even after a one-for-four rights issue last spring.

Berkeley's success rests on the combination of a strong management with an attractive niche. As stockbroker Grieveson Grant pointed out soon after the flotation, Berkeley differs from conventional rivals in that it builds for an almost recession-proof market in an almost recession-proof part of the country. It is a formula that clearly has worked.

Nor does Northamber pall by comparison. This company joined the USM showing profits of £790,000 for the year reported towards the end of 1984, and this year reported annual profits of £1.21m. On Wednesday, it produced an 82 per cent rise in interim profits to £829,000 and the shares closed at 230p—exactly double their placing price of 115p some 18 months earlier.

Such rapid growth might seem odd coming from a company tied so closely to the now unfashionable microcomputer business. The fact is, however, that the printer market has not seen the sort of instability and price collapse suffered by micros themselves; and Northamber has profited from applying stringent financial controls to running its business and exploitig the market's growth potential to the full. It is now a leader in its field.

The fact that these two com-

USM
UNLISTED SECURITIES MARKET

panies have chosen this week to announce their promotions to the upper tier gives a last-minute boost to a USM graduations total that, nevertheless, remains small when compared with last year's figure. As 1985 draws to a close, only 11 companies have so far made the transition against 25 last year.

The imbalance is explained by the changes made to the Stock Exchange's rules on admission to listing on the main market, which took effect on January 1. There were fears towards the end of last year that these changes would increase the complexity and cost of making the transition: and many USM companies which had, in any case, been considering making the move brought their plans forward to beat the January 1 deadline. The result was a quite considerable bulge in the number of transitions.

In the event, these fears appear to have been overdone. USM companies do now have to provide full listing particulars before making their debut on the main market, but most of this information already is to hand and the requirements have not become significantly more complex. Where costs have increased, it is probably more because of the rise in professional fees: accountant Touche Ross estimates that flotation costs generally have risen by about 13 per cent in the past year.

How the rate of companies seeking promotion to the main market eventually will settle down is uncertain. In the sense that one of the USM's primary functions is to act as a nursery for companies bound for the main market, it would be reasonable to expect the flow to increase as the number of mature companies on the market builds up.

Certainly, the main market is regarded by companies as something for which to strive. Berkeley and Northamber both said this week that their main reason for wanting to transfer was the feeling that they had outgrown the nursery and that the main market would reflect better their new-found size and status.

The USM does, however, have its advantages. It already has acquired a respectability of its own (it is sometimes better to be a big fish in a small pond), and its less rigorous requirements sometimes can bring substantial savings—for example, acquisitive companies do not find themselves having to file full listing particulars every time they make an offer.

So, although the rate of transition might grow, it seems unlikely to go beyond a fairly modest level.

Richard Tomkins

Grand Met finds the going hard

THE market will be a little disappointed if Grand Metropolitan fails to match profits of £334m last year when it brings out its 1985 preliminary results on Thursday. However, an unchanged outcome would represent more of an achievement than one might have thought, as this year's figures will contain a gaping £50m hole where last year's US cigarette profits slotted in. In order to stand still overall, profits from other activities will have to rise by about 15 per cent.

The difficulties in the US cigarette market, where fierce price discounting on unbranded products has dispensed with margins were well aired at the interim stage. Not only did discounting continue throughout the second half, but in August Grand Met announced that a major contract had been lost. Analysts are not expecting any profits at all from unbranded cigarettes.

Keeping tabs on the rest of Grand Met's trading profits has been made particularly difficult this time by the number of sales and purchases that have taken place during the year. However, analysts are generally expecting a strong second half in the UK, due in part to the strength of consumer spending. The one exception is likely to be casinos, for which the second half might have been as bad as the first.

In the US, fitness products remain a headache, as they have suffered from destocking by the trade. Slightly better performances from soft drinks and pet foods will not be enough to repair the damage.

With such a large slug of profits coming from the US, Grand Met suffers as the dollar

Results due next week

weakens. However, its use of average exchange rates will mean that these results will be translated at a slightly more favourable rate than last year's.

Unhappily, the exchange effect will be dampened simply because there will be fewer US profits to translate. In 1984, about 30 per cent of profits came from the US, whereas in 1985 it will be closer to 20 per cent.

Superdrug's strong growth has become so well established that it is almost predictable, and the third-quarter results are unlikely to show any marked

Peter (left) and Ronald Goldstein, of Superdrug.

interruption to the pattern when joint chairman Peter and Ronald Goldstein announce the figures on Thursday.

The group's store opening programme continues apace — at least 10 have opened during the quarter — and, if past trends are any guide, the existing stores will have seen increases in volume and benefits at the margin from the introduction of more own-label products and more profitable lines such as greetings cards.

On factor that will have mitigated growth at the pre-tax level, however, is the opening of the group's new warehouse in Wakefield. This came into operation during the quarter and it wil be some time yet before the benefits outweigh the start-up costs.

For this reason, forecasters are expecting a slightly lower rate of growth of about 20 per cent for the quarter, suggesting profits of £7.6m against the previous year's £6.23m.

Interim results from leading insurance broking group Hogg Robinson, due on Wednesday, will show the effect of bringing in for the first time its US opertions as a subsidiary instead of an associate company.

Thus, the anticipated pre-tax profit rise from £4.5m to £7m wil rather overstate the growth within the group. Nevertheless, there are expected to be substantial advances in profitability by the main operating divisions.

The broking division almost certainly will benefit from the strong rating increases that have taken place both in the US and UK—the US being likely to show the higher growth. Other world wide broking operations are doing well and, overall, the broking division should show around 17 per cent improvement in profitability.

The travel and transport division, benefiting from the favourable conditions in this sector, could show turnover up by a quarter with profitability growth slightly lower. A near-20 per cent increase in the interim dividend, from 3.8p to 4.5p, is anticipated.

Shareholders in Britain's largest unit trust group, M and G Group, can look forward to a pre-tax profit increase of a quarter, from £7.1m to around £9m, when the company reports its full year results on Thursday.

The profits from its main bread and butter unit trust management operations should be substantial. M and G should have held its market share in the growing unit trust market despite the steady entry of life companies into this sector.

The life and pension operations are becoming a growing profit centre within the group, with an expected advance from £1.74m to over £2m pre-tax. Its pension investment management operations still are small but should provide a useful contribution to profits.

Shareholders also can look forward to a one-fifth increase in the overall dividend for the year, from 12.5p to 15p.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Archimedes Investment Trust	Wednesday	4.0	5.0	4.4
Aspinall Holdings	Thursday	—	3.0	—
Baynes, Charles	Thursday	0.5	1.75	0.55
Bootham Engineering	Wednesday	3.0	6.0	2.0
Carlton Communications	Monday	1.46254	3.03758	1.95
Chemring	Thursday	3.5	6.5	5.0
Cifer	Tuesday	—	—	—
Conrad Holdings	Wednesday	—	—	—
Craton Lodge and Knight Group	Monday	—	—	0.5
Grand Metropolitan	Thursday	3.7	5.5	4.0
Hawtin	Thursday	—	0.375	—
Kelsey Industries	Friday	2.5	5.5	2.5
Lee, Arthur	Monday	0.3	0.9	0.6
M and G Group	Thursday	5.0	7.5	6.0
Micro Scope	Tuesday	—	—	—
Midsummer Inns	Monday	—	2.5	—
Nash Industries	Monday	1.5	1.0	—
North British Steel Group (Holdings)	Wednesday	—	—	—
United Scientific Holdings	Monday	2.2	3.5	2.2
Watson and Philip	Tuesday	1.5	3.5	1.7
Western Selection	Wednesday	1.0	1.7	1.0
Wheway	Thursday	—	—	—
Widney	Thursday	—	0.175	0.2625
INTERIM DIVIDENDS				
Batleys of Yorkshire	Thursday	0.5	1.6	
Belhaven Brewery	Monday	0.35	0.4	
Berisfords Group	Friday	1.55	3.73	
British Benzol	Tuesday	—	—	
British Steam Specialties Group	Tuesday	2.25	4.0	
Brown and Tawse	Monday	2.0	4.5	
Danae Investment Trust	Tuesday	1.98	2.94	
Electric and General Investment Trust	Thursday	1.55	2.05	
Equity and Law Life Assurance	Thursday	7.0	4.6	
Flogas	Tuesday	1.06	1.59	
Forminster	Friday	2.03	4.0	
Gibbon Lyons	Thursday	—	—	
G.T. Asia (Sterling) Fund	Tuesday	—	68.0	
Halma	Monday	0.54526	0.87527	
Hampton Trust	Tuesday	0.35	0.35	
Hogg Robinson	Wednesday	3.8	4.2	
Jacksons Bourne End	Wednesday	2.0	4.0	
London Merchant Securities	Thursday	0.7	1.5	
Marston, Thompson and Evered	Thursday	0.622	1.328	
NESCO Investments	Wednesday	1.0	—	
Parkfield	Monday	0.8	1.6	
Phoenix Timber	Thursday	1.5	1.5	
Plysu	Tuesday	0.62667	1.54	
Rotaprint	Friday	—	—	
Rothschild Holdings	Tuesday	1.5	1.2	
Siebe	Monday	3.63	8.17	
Superdrug Stores	Thursday†	—	—	
Thermal Scientific	Monday	1.0	2.0	
Tinsley Eliza Group	Tuesday	1.0	1.8	
Tops Estates	Monday	—	0.65	
Triplex	Tuesday	—	0.75	
TR Trustees Corporation	Friday	1.2	2.6	
United Leasing	Tuesday	1.4	2.2	
Wellman	Thursday	—	—	
Wight Collins Rutherford Scott	Wednesday	0.75	2.0	
Zygal Dynamics	Friday	0.75	0.75	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Figures for three months.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	5.83	4.58	3.33	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	8.00	8.24	6.47	4.71	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.67	8.86	6.96	5.06	half yearly	1	2,500 minimum	0
Schroder Wagg	8.22	8.54	6.71	4.88	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	11.43	8.38	6.88	5.40	half yearly	4	—	0
10% Treasury 1990	11.38	8.04	6.40	4.77	half yearly	4	—	0
10.25% Exchequer 1995	11.25	7.74	6.04	4.34	half yearly	4	—	0
3% Treasury 1987	9.18	8.24	7.77	7.30	half yearly	4	—	0
3% Treasury 1989	8.76	7.69	7.15	6.63	half yearly	4	—	0
Index-linked 1988¶	9.83	9.09	8.72	8.36	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated					
Abbey	105§§	114	90	20.51	French Kier
Arlington Motor¶	234*	225	167††	10.50	Unigate
Blundell-Permglaze	200*	191	146	15.57	Akzo
Britannia Arrow	142§§	147	131	214.33	Guinness Peat
Business Comptr	26§§	25	20	1.55	Electronics Data
Clay (Richard)	213	212	164	19.18	St Ives
Cole Group	260*	250	240	7.53	Low & Bonar
Dean Park Hotels	56	55	54††	6.21	Queen's Moat Hses
Dew (George)	97§§	104	92	7.76	Bremner
Distillers	509§§	491	510	1.549bn	Argyll Group
Drayton Prem Inv	500*	510	446	133.32	NCB Pensn Funds
Dufay Bitumastic	58§§	57	56	9.53	British Tar Prods
First Castle Elec	141	152	111	36.58	Morgan Crucible
French Kier	229	254	224	113.90	Beazer (C. H.)
Imperial Group	238§§	259	242	1.80bn	Hanson Trust
Kitchen Taylor	194§§	194	188	7.55	Scot Heritable
Needlers	166*	160	150††	3.27	Hillsdown Hldgs
Pearce (C. H.)¶	719§§	675	725	27.14	Crest Nicholson
Plessey	162§§	176	176	1.179bn	GEC
Petbow Hldgs	53§§	51	45††	7.11	Anglo-Nordic
Pyke (Hldgs)	396	395	348	15.36	Hillsdown Hldgs
Sangers Photo	40§	97	39	3.04	Mr J. Peace
SGB Group	271	258	226	115.01	BET
Somportex	28§§	154	27	0.79	Messrs N. Wray & C. Mallock
Spear & Jackson¶	251½	251	168	14.15	Neill (James)
Sparrow (G. W.)	76	73	45	7.51	BET
Stewart Plastics	146	145	112	33.19	Bunzl
Thomson T-Line	50*	80	45	0.50	Diamond
Towngrade Secs	32§	34	27	1.67	Milbank Dev
Utd Biscuits	324	259	278	1.014bn	Imperial Group
United Parcels	153	149	113	97.10	Bunzl
Wingate Prop Inv	123	125	105	16.96	Trafford Park Ests
Yarrow	417§§	510	455	11.98	Weir Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on December 13 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖ Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Adam Leisure	Aug	877L	(443)L	—	(—)	—	(1.0)
Albion	Sept	282	(413)	—	(—)	1.2	(—)
Ass Paper Ind	Sept	4,620	(3,910)	20.1	(17.2)	6.0	(5.0)
Baggeridge Brick	Sept	1,750	(1,600)	25.0	(23.7)	6.82	(6.25)
Borthwick, T.	Sept	4,700	(4,196)	5.3	(7.4)	0.5	(0.5)
Burns Anderson	Sept	940	(668)	—	(—)	2.7	(2.42)
Carr's Milling Ind	Aug	1,280	(854)	18.3	(16.0)	6.0	(5.5)
Cooper, F.	July	223	(453)	—	(—)	1.24	(1.77)
Crustalate	Sept	4,800	(5,634)	—	(—)	4.24	(3.85)
Dobson Park	Sept	8,720	(7,060)	7.3	(4.9)	5.21	(5.21)
Eldridge, Pope	Sept	2,780	(2,348)	20.9	(17.2)	5.9	(4.9)
Electronic Data	Sept	604	(331)	6.8	(1.6)	0.8	(—)
Eng China Clays	Sept	74,650	(64,240)	26.0	(22.1)	11.6	(9.6)
Flexello	Sept	785	(734)	13.6	(12.3)	3.8	(3.0)
Granada Group	Sept	64,400	(53,750)	12.6	(13.2)	7.1	(6.2)
Greenall Whitley	Sept	30,710	(25,310)	3.8	(3.5)	0.99	(0.87)
Hardanger Prop	Sept	2,610	(2,030)	27.8	(31.5)	9.5	(8.8)
Hay & Robertson	May	5	(10)L	—	(—)	—	(—)
Hunslet Hldgs	Aug	742L	(69)	—	(10.5)	2.0	(8.7)
Inn Leisure Grp	Sept	1,610	(954)	4.4	(2.1)	0.42	(0.42)
John Firth Brown	Sept	25,750L	(3,650)	—	(—)	—	(—)
McCarth & Stone	Aug	9,550	(6,810)	13.9	(10.5)	2.72	(2.15)
McCorquodale	Sept	10,200	(7,760)	12.5	(13.6)	5.7	(5.1)
Mcleod Russell	Sept	14,200	(12,029)†	—	(—)	7.5	(8.67)
Michael, J. Des	Mar	190	(147)	1.8	(1.3)	0.4	(—)
Morceau Hldgs	Sept	3,070	(1,580)	—	(—)	3.7	(1.6)
Nott Brick	Sept	2,430	(1,790)	12.8	(10.8)	6.5	(5.0)
NSS Newsagents	Sept	4,520	(5,810)	7.5	(10.1)	3.6	(7.2)
Plaxtons	Sept	1,310	(1,950)	6.1	(10.0)	4.5	(4.5)
Pyke Hldgs	Sept	1,700	(1,150)	21.8	(16.6)	6.0	(5.0)
Reliant Motor	Sept	649L	(66)	—	(—)	—	(—)
RHP Group	Oct	11,070	(6,230)	—	(—)	4.25	(3.5)
Richards	Sept	512	(507)	3.3	(2.5)	1.5	(1.45)
Sidlaw Group	Sept	6,260	(6,250)	—	(—)	9.0	(8.2)
Spencer Clark	Sept	920	(245)	17.3	(4.6)	2.0	(0.5)
Stakis	Sept	13,280	(10,160)	4.4	(3.7)	1.2	(1.5)
Tate & Lyle	Sept	76,700	(60,200)	55.3	(52.4)	22.0	(16.5)
Tunstall Tele	Sept	4,070	(2,530)	—	(—)	1.75	(1.4)
Vaux Group	Sept	14,720	(13,030)	—	(—)	11.06	(10.06)
Whessoe	Sept	5,030	(4,140)	12.7	(12.8)	5.5	(5.5)
Williamson Tea	June	19,040	(12,810	273.5	(105.9)	20.0	(20.0)
Windsor Secs	Sept	48	(296)	—	(2.2)	0.65	(1.25)
Wolv & Dudley	Sept	15,450	(13,520)	27.2	(23.0)	8.55	(7.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Alexander, W.	Sept	1,670	(1,500)	2.5	(2.25)
Alpine Soft Dr	Sept	230	(102)	0.6	(0.6)
Baker Perkins	Sept	7,340	(4,890)	3.0	(2.6)
Berkeley Group	Oct	1,670	(996)	1.4	(1.2)
BET	Sept	48,720	(36,920)	4.0	(2.75)
Boosey & Hawkes	Sept	1,390L	(136)L	—	(—)
Braithwaite Grp	Sept	150L	(218)L	—	(4.9)
Brengreen Hldgs	Oct	1,010	(825)	0.75	(0.7)
Bristol Evng Post	Sept	1,910	(1,380)	9.0	(7.5)
Brit Build & Eng	Sept	32	(144)	0.33	(1.75)
British Telecom	Sept	885,000	(664,000)	3.0	(—)
John Brown	Sept	3,300L	(4,500)L	—	(—)
Bulmer, H. P.	Oct	6,070	(7,170)	2.24	(2.24)
Caffyns	Sept	255	(354)	2.2	(2.2)
Celestion Ind	Oct	140L	(11)L	—	(—)
Chapman Ind	Sept	41	(279)	2.3	(2.3)
Charter Cons	Sept	11,120	(8,450)	3.75	(3.75)
Ches Wholefoods	Sept	250	(161)	—	(—)
Chloride	Sept	0	(5,400)	—	(—)
Comtech	Sept	3,000L	(4,380)	—	(—)
Deritend Stamp	Aug	704	(427)	2.4	(2.2)
Euston Cent Prop	Sept	3,990	(3,110)	—	(—)
Fairbriar	Oct	1,220	(705)	0.75	(—)
Fuller Smith & T	Sept	2,290	(1,790)	3.0	(2.4)
Great Univ Stores	Sept	114,900	(102,700)	7.0	(6.25)
Greycoat Group	Sept	2,170	(1,696)	0.95	(0.75)
Harold Ingram	Oct	213	(137)	1.25	(1.0)
Haslemere Ests	Sept	2,970	(2,600)	2.57	(2.2)
Havelock Eur	Oct	422	(291)	1.12	(0.7)
Hazlewood Foods	Sept	3,317	(2,126)	4.0	(3.5)
Hicking Pent	Sept	90L	(7)	—	(—)
IC Gas	Sept	1,590	(1,770)L	6.25	(6.25)
Intl Leisure	Sept	14,840	(16,450)	2.0	(2.0)
Kelvin Watson	Sept	75	(152)	0.5	(1.3)
Latham, James	Sept	406	(1,036)	5.0	(5.0)
Lister & Co	Sept	607	(25)	—	(—)
Longton Ind Hldgs	Sept	562	(560)	1.0	(1.0)
Lovell G. F.	Sept	4	(8)L	—	(—)
Marling Ind	Sept	1,100	(889)	0.7	(0.6)
Meyer Intl	Sept	13,220	(16,030)	1.95	(1.8)
Morley, R. H.	Sept	80	(72)	—	(—)
Norcros	Sept	18,550	(14,100)	2.8	(2.6)
Northamber	Oct	829	(454)	—	(—)
Northern Foods	Sept	34,000	(27,000)	4.25	(4.25)
Osprey Comm	Sept	28	(64)	—	(0.5)
Pilkington Bros	Sept	39,400	(52,200)	5.0	(5.0)
Piccadilly Th	Mar	19	(21)	—	(—)
Preedy, Alfred	Sept	323L	(188)	1.0	(1.5)
PWS Intl	Sept	591	(501)	3.0	(2.5)
Reed Executive	Sept	1,300	(902)	1.5	(1.0)
RFD Group	Sept	664	(511)	1.12	(1.02)
Alexander Russell	Sept	1,000	(607)	0.47	(0.36)
Stoddard Hldgs	Sept	24	(297)L	—	(—)
Syltone	Sept	635	(466)	2.6	(2.6)
Tex Holdings	Sept	203	(167)	1.5	(0.75)
Tiphook	Oct	1,020	(657)	1.25	(—)
Vinten	Sept	1,070	(622)	1.05	(1.05)
Wagon Ind Hldgs	Sept	2,360	(2,400)	3.5	(3.0)
Warehouse Group	Sept	181	(154)	—	(—)
West's Grp Intl	Sept	284	(187)	2.5	(2.5)
Whitecroft	Sept	2,740	(3,760)	2.5	(2.3)
Yellowhammer	Sept	620	(392)	0.6	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where otherwise indicated. † For 18 months. L Loss.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Chancery Securities—USM placing of 2.8m shares at 65p.

Chetwynd Streets—Offer for sale of 2.4m shares at 120p.

Jacques Vert—USM placing of 2.25m shares at 120p.

Lexicon—Offer for sale of 3.5m shares at 115p.

A bitter lesson for Gold Fields

AN OLD warning has it that sailors should "stay on course and ignore the singing sirens who would lure you to disaster"—although, in my experience, sailors tend to show little enthusiasm for following this advice. Still, there is much to be said for it, especially in the world of mining companies.

Over the years, many of them have ben tempted to diversify from the business they know into other, seemingly more promising, directions. Too often, disaster has awaited them. One such is London's Consolidated Gold Fields the international mining and construction materials group

Back in the 1970s, Gold Fields bought into a clutch of US industrial companies, fine businesses all with good profits from such activities as scrap metal and steel distribution and a mini-steel mill. In 1980 came the $60m purchase of the Skytop Brewster drilling rig manufacturer, which was riding on the back of the oil boom.

The shine then began to go off—the US industrial businesses—and by far the major casualty was the biggest investment, Skyton Brewster. In 1982, the bottom fell out of its market as the oil boom faded. Gold Fields

Mining

was obliged to provide £87m to cover the losses of its subsidiary pending a sale of the business.

A start was made on disposing of the US industrial interests and, earlier this year, the group said it would sell the rump of them, including Skyton Brewster. This week, Gold Fields announced it had found a buyer in the shape of a new company, Blue Tee, formed by a management group led by Richard Secrist.

It is to pay Gold Fields a total of $124m (£88m) for the assets, which include only part of the Skytop Brewster assets: a buyer still is sought for the company's unsold stock of drilling equipment.

Gold Fields also will get a stake of between 25 and 45 per cent in Blue Tee, which will be able to make use of big accumulated US tax losses. So, the London company will still be able to share in the benefits of an upturn in the US activities.

Thoughtfully, Gold Fields already has changed $120m of the anticipated dollar proceeds into sterling at the earlier prevailing good exchange rate of $1.14 for a pound; at present, a pound is worth just over $1.44.

In all, Gold Fields has come out of the US incursion better than might have been expected; but it has been a bitter experience and the group is determined never again to stray from the true course of a mining finance house. As many a morning-after matelot has been moved to observe, you can go off sirens.

Mention of mining tends to cause shudders among the major oil companies which have ventured into the business in recent years, with dire results. British Petroleum, for instance, spent a long time licking its wounds from the £410m takeover of Selection Trust back in 1980.

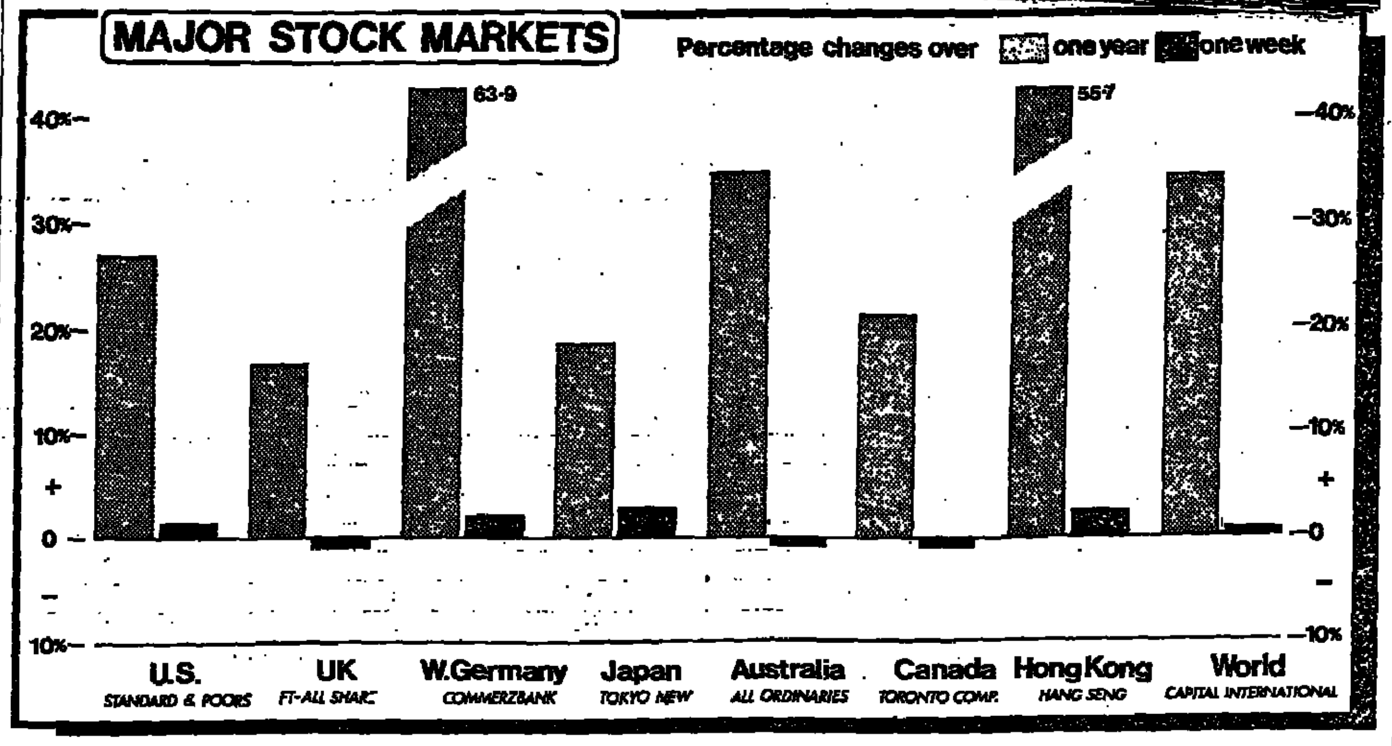
BP's mining division presses on, however, and this week the group announced quite a nice gold find at the Chetwynd property on the south coast of Newfoundland. Extensive drilling now has indicated 11.2m tonnes of ore with a reasonable average gold grade of 4.54 grammes a tonne.

A study is to be made into the feasibility of mining the deposit. It has the makings of a relatively low-cost operation because the ore lies between surface and a depth of only 400 metres: and tests have shown that the gold may be recoverable economically by the simple heat leaching process.

Meanwhile, the official go-ahead has been given for a far bigger development, the A$600m (£286m) first phase of the massive Olympic Dam copper-uranium-gold project in South Australia. Western Mining is the major partner with 51 per cent, while BP has the remaining 49 per cent and is committed to arranging finance for the venture.

The intention is that first production will be of gold only, possibly in mid-1987, from a separate gold zone at the property. Copper and uranium output should follow in 1988. The initial project is expected to have a life of at least 15 years, but this would hardly scratch the total reserves of Olympic Dam, which amount to an awesome 2bn tonnes.

Kenneth Marston



Mr. Flick and his boomtime billions

EVEN with the tax man poised in the background, there is no doubt that the receipt of some DM 5bn in cash does much to brighten the most dismal winter day. So, it can be assumed safely that Friedrich Karl Flick, who has not enjoyed a "good press" in the past year or two, is now in buoyant mood.

As he contemplates the imminent sale of his industrial empire, however, he might spare a thought for the booming West German stock market — and not least for the foreign investors — who are making it all possible.

The Flick deal, in which Deutsche Bank is buying the industrialist's holdings and plans to float most of the shares on the bourse, has been the sensation of the past week but one that, even two years ago, surely would have been inconceivable in Germany. Only a buoyant, highly receptive market, combined with thriving "new issue" business, have made it possible.

True, Flick's 26 per cent stake in W. R. Grace is going back to the US conglomerate (which had first right to buy) for an estimated $600m. But that still leaves a lot for the German market to devour, and in earlier years it certainly would have got severe indigestion. For one thing, there is Flick's 10 per cent holding in Daimler-Benz, the diversifying vehicle manufacturer, which is worth about DM 4bn at present market rates. Then, there are Flick's "core" companies—Buderus (iron and steel), Dynamit Nobel (chemicals and explosives) and Feldmuhle (paper), worth probably more than DM 1bn in total.

Deutsche Bank would hardly be taking over all that if it judged the market would be down early next year (when the issues are likely to be made) and that it would be left sitting on a lot of stock it could not sell at a profit.

While the Flick sensation has been the biggest recently, it has not been the only one. Indeed, the German stock market, which used to have much of the cosy predictability of a village "bring and buy" sale, has become exciting—even feverish at times. Take the stock of that bluest of blue chips, Daimler-Benz. It plunged by

West Germany

more than DM 30 to just over DM 1,100 on Tuesday (because of fleeting concern about placement of the Flick stake), then bounced back to make up all its losses on Wednesday.

Or, look at the share price of AEG, which hit a record low of DM 23 in 1982 before the electricals concern had to seek court protection from creditors. Now, the price is bounding about well above the DM 200 point, thanks in particular to the fact that AEG is being taken over by the hugely successful Daimler—but also because the electricals concern has dragged itself firmly back to profit.

The stock market mirrors a lot of the changes at work in the German economy, and that goes not least for the "new issue" business that, a few years ago, was virtually non-existent.

The latest newcomer is Boss, the male fashion group, which this week announced a flotation price of DM 815 per share. On the face of it that looks pretty high, but investors seem certain to snap up the available stock all the same. Among other "newcomers" this year, the Henkel share was price initially at DM 285 and at once jumped in trading to close to DM 400; Springer (publishing) was priced at DM 335 and soared to DM 630; while Kugelfischer (bearings) started at DM 310 and rose to DM 423.

In the first nine months alone, more than DM 5bn was raised in new issues compared with just over DM 4bn in the whole of last year (although the actual number of issues involved was down somewhat). As for total German stock market turnover this year (shares and bonds together), this should surge to more than DM 400bn compared with about DM 230bn in 1984.

As usual, foreign investors are playing a key role in all this. Even in years when the German economy was not performing strongly (for example, 1979-82) buyers from abroad accounted for nearly 40 per cent of the turnover in German shares. Today, the proportion is around 50 per cent (to say nothing of the bond market, where buying by foreigners has risen markedly since Germany abolished the coupon tax a year ago).

The motives are easy to see. Even with the boom in most stocks this year, the shares of many German companies are under-priced—and the D-mark almost certainly still is undervalued (despite the strong gains against the dollar since the "Group of Five" meeting in September). In other words, foreign investors hope for exchange rate as well as share price gains.

At the macroeconomic level, West Germany is heading for economic growth in real terms next year of around 3 per cent or more, with inflation of less than 2 per cent—and record trade and current account surpluses. At the company level profits should rise again, albeit less strongly than this year.

By sector, the profits per share of the chemicals companies should stabilise at a high level while those of the engineering, electricals and retail concerns are likely to improve. There seems no good reason (apart from a serious flareup in the international debt crisis) why the banks should not again turn in bumper results.

In other words, the stock market should stay buoyant for some time to come. Whatever problems Flick had in running his empire, he seems to have shown impeccable timing in disposing of it.

Jonathan Carr

Even the bulls say it's time to pause

CHRISTMAS has arrived early on Wall Street. Apart from saying that, however, it is hard to know where to begin in recounting the events of the past few days which have accompanied a rise in US share prices to levels undreamed-of just a few months ago.

Here is a sampler of some of the news items that formed the backdrop to this week's share-buying binge. General Electric and RCA announced the biggest non-oil merger in US corporate history; Union Carbide tried desperately to fight off an unwelcome $4.1bn bid from GAF Corporation; and Carl Icahn, the Wall Street predator, worked on plans to cut the price he is willing to pay for TWA.

President Reagan signed a new law to force the Government to slash its massive budget deficit and balance its books by 1991. Only hours after this landmark piece of legislation had been put on the statute

Wall Street

books, a lawsuit was filed challenging what even the President calls its "constitutionally suspect provisions." The challenge halted temporarily the rally in the bond markets but did not upset the equity market.

The possibility that Texaco, America's fifth largest industrial company, might have to file for bankruptcy following a Texas judge's decision upholding an $11.1bn damages award, did not dent the stock market's euphoria. Nor did the news of hundreds of millions of dollars of end-year write-offs from such corporate giants as Schlumberger, CSX Corporation and Alcoa.

One of the few unequivocally good pieces of corporate news was J. P. Morgan's decision to raise its quarterly dividend to 61½ cents a share. It was a confident gesture by one of America's most conservative banks; and the decision surely would not have been taken if its directors thought the US financial markets were on the brink of a 1929-style financial collapse, as some of the more gloomy observers have tried to suggest.

On Monday, the Dow Jones Industrial Average moved into new high ground, and for the next couple of days went steadily higher in increasingly heavy trading. On Wednesday, the Dow lept over the 1,5[illegible] hurdle, landing at 1511.70 af[illegible] the fifth-heaviest trading d[illegible] in the history of the New Yo[illegible] Stock Exchange.

The three-month-old boom [illegible] Wall Street has seen over [illegible] points put on the Dow Jon[illegible] Industrial Average, a more-tha[illegible] 100 basis point drop in lo[illegible] term government bond yiel[illegible] and a rise in the overall sto[illegible] market of about 13½ per ce[illegible] Given this sort of performan[illegible] even the most optimistic bu[illegible] on Wall Street now are argui[illegible] that the market needs to pau[illegible] for breath.

The starting point for th[illegible] week's surge in share prices w[illegible] the apparent decision of t[illegible] Opec oil producers to aband[illegible] attempts to prop up pric[illegible] Their subsequent tumble h[illegible] taken over from declining [illegible] interest rates as the maj[illegible] factor fuelling the upwa[illegible] march in US share prices.

Talk of oil prices dropping [illegible] low as $18 a barrel by the spri[illegible] reduces the threat of renew[illegible] inflation in the US, and shou[illegible] spur economic growth both [illegible] home and abroad. Of course, [illegible] will present problems for so[illegible] countries such as Mexico, whi[illegible] are indebted heavily to U[illegible] banks, but Wall Street general[illegible] is arguing that lower oil pric[illegible] are bullish for equities.

Aside from lower intere[illegible] rates and lower oil pric[illegible] which have been the immed[illegible] ate cause of Wall Street[illegible] recent sharp rally, som[illegible] observers think US shar[illegible] prices are undergoing a fund[illegible] mental revaluation similar [illegible] what happened in the bu[illegible] markets of the 1950s and th[illegible] bear markets of the 1970s.

The bulls argue also that th[illegible] unprecedented level of restru[illegible] turing in corporate America [illegible] reducing the supply of equit[illegible] and the threat of the corporat[illegible] raiders has inspired tradition[illegible] managers to work even harde[illegible] to maximise shareholder valu[illegible]

Even so, it is possible to fin[illegible] almost as many experts wh[illegible] argue that, based on previou[illegible] stock market cycles, Wall Stree[illegible] is heading for a fall. The pre[illegible] sent bull market began i[illegible] August 1982 when the Dow stoo[illegible] at 775, and the market is begin[illegible] ning to look rather tired, the[illegible] argue.

Monday	1,497.02	plus 19.8[illegible]
Tuesday	1,499.20	plus 2.1[illegible]
Wednesday	1,511.70	plus 12.5[illegible]
Thursday	1,511.24	minus 0.4[illegible]

William Hal[illegible]

IN THE NEWS

A touch of French luxury

THINK OF France and think of champagne and haute couture. Then think of an investment fund, and London stockbrokers. Savour Milln thinks it has the vehicle for you.

The French Prestige Fund, a Luxembourg-based open-ended investment company, will invest mainly in companies involved with French quality or luxury products or services, with around 20 per cent of the money going into unquoted companies. It will be managed by Banque Worms, which is controlled by the French insurance group UAP.

Country Gardens still growing

COUNTRY GARDENS, which raised £1.5m under the Business Expansion Scheme earlier this year to invest in garden centres, is coming back to investors for a second slice. It will issue another batch of shares in January, hoping to raise another £1.5m.

Existing shareholders will get no rights or priority, but may have the satisfaction of seeing that their shares have gone up in value.

The second slice is expected to sell for a 20 per cent premium over last January's issue price of 50p. Most BES investors have to wait a full five years before they have any indication of what their shares are worth.

East Anglian BES fund

UNDETERRED by the disappointing response to other Business Expansion Scheme funds investing in specific regions, Cambridge Capital is launching its own fund for the East Anglian area.

Cambridge is known for the high-tech companies that have set up shop in its Science Park, and Cambridge Capital's investment panel includes the managing director of Cambridge Electronic Industries.

The fund, however, is not expected to invest in high technology in the purest sense. It expects to invest more heavily in established businesses related to East Anglia's agriculture, horticulture and tourism industries.

Minimum investment is £2,000, and the managers will take a 3.5 per cent front end fee. Investors putting in more than £10,000 will only face a flat fee of £350 plus VAT. There is no annual charge, but the managers will keep the interest on the fund before it is invested, and may take options in the companies invested in.

Mortgage campaign

THE MEDIA has been campaigning for some time against the blanket use of endowment contracts to repay a mortgage. This campaign apparently is meeting with some success according to Avon Insurance, part of the NFU Mutual and Avon Insurance Group.

It quotes a statistic of only 54 per cent of building society advances being repaid by the endowment method—the effect of the ending of life assurance premium relief. Nevertheless the company emphasises the need for life cover under the straight repayment method and this is the theme of its new LoanCare scheme.

It comes in three versions—bronze, silver and gold.

BRONZE — straightforward mortgage protection that repays the outstanding loan should the householder die during the term of the mortgage.

SILVER adds temporary and permanent disability cover to the package to repay the mortgage on disability or death.

GOLD gives a total cover and in addition returns the premiums paid at the end of the mortgage period.

Of course, the higher level of cover the higher the premium. For a man aged 29 with a £15,000 mortgage over 25 years, the monthly premium for a non-smoker is Bronze £19.97; Silver £31.95; Gold £43.93.

Comparisons for silver and gold are not possible because no equivalent cover is readily available. But on the bronze cover, Avon come second only to Equitable Life in premium terms.

Opec aftermath

Oil price slide tests the nerves

THE SHARP falls in sterling at the beginning of this week after the meeting of Opec show that the markets still believe weakening oil prices would be bad for Britain.

Certainly the Government's anxiety was emphasised by the fact that Mrs Thatcher found it necessary to say that she would once again postpone her promised tax cuts rather than risk a resurgence of inflation.

This, rather than any fears about a reduction of income, is the main focus of anxiety as the oil industry starts to prepare itself for a price reduction which many observers believe could bring in the $20 barrel early next year.

Although the annual inflation rate is now coming down from its summer peak of 7 per cent and is projected by the Treasury to fall to 3¾ per cent next year, there are still major uncertainties. Average earnings are rising at an annual rate of 7½ per cent, and a steep plunge of sterling could quickly pile up the pressure on import prices.

The recent weakness of the pound must therefore have revived uncomfortable memories of last January's crisis even though the markets were firmer towards the end of the week. The collapse of sterling in January partly linked to a weakening of oil prices forced the Government to change the whole thrust of monetary policy and to force interest rates up to their highest level in real terms since the war.

However, apart from the potentially serious risk of a slide in sterling the balance sheet for the UK is not otherwise particularly alarming.

Britain's self sufficiency in oil means that the overall effect of an oil price cut on the economy would be broadly neutral, although there would be some quite big shifts in income. The main effects include:

- A transfer of spending power from the Government to the private sector
- A transfer of income from the oil companies to the rest of the economy
- Reduced incentives to develop the North Sea fields, with longer term consequences for the British economy.

Lower oil prices achieve these effects through three main changes: a reduction in inflationary pressures (from lower fuel prices), a stimulus to UK and worldwide demand, and a fall in the UK exchange rate. The non-oil sector of the economy can, therefore, be expected to benefit from increased international competitiveness and the general stimulus to economic activity.

But the Government's accounts would suffer. Its oil revenues, projected at $11.5bn this year, could be cut substantially. And every 10 per cent fall in these revenues would reduce the Chancellor's scope for tax cuts by roughly the equivalent of 1p off the basic rate of income tax.

The huge uncertainty looming over all this is what will happen to sterling. A big fall in the £ could partly cancel out many of these effects, because it would tend to push the oil price back up again in sterling terms.

The Treasury's own projections assume a cautious 2½ per cent fall in the £ for a 10 per cent cut in the oil price. The inflationary effect of a lower exchange rate would, on this arithmetic, almost exactly cancel out the benefits to inflation from lower oil prices. Similarly, the gains from increased world output would roughly cancel out the loss from slightly higher interest rates and reduced national income from the North Sea.

A lower exchange rate would tend to push up the value of the Government's oil revenues, since North Sea oil is priced in dollars. However, this would be much less important than the original fall in the dollar price of oil, on the Treasury's assumption of a very moderate fall in sterling's value.

It estimates that the need for public borrowing would be increased by £700m, rising to £1.3bn after five years, with some upward pressure on interest rates.

So, in his next Budget, Mr Nigel Lawson, the Chancellor, could be faced with the politically difficult task of saying: "Sorry about that twopence off income tax; you have had it—in lower oil prices."

The worst outcome from the Government's point of view would be if this loss of scope for tax cuts were combined with a surge in interest rates needed to defend sterling.

Mr Lawson will be hoping that the much tighter monetary regime which he instituted after the January crisis will have a steadying effect on the markets. But, UK interest rates are exceptionally high in historic terms and are among the highest in the industrial world in real terms.

With the three month sterling interbank rate around 11¾ per cent, the Chancellor has little scope for raising interest rates in defence of the £ without risking a renewed howl of protest from industry, and great unpopularity from those whose mortgages could be forced up again.

Max Wilkinson

Cable and Wireless

Muted response

THANKS in part to the Government's policy of encouraging wider share ownership, but more tot he soggy state of the stock market last week, the Cable and Wireless share sale has created few, if any, share-hungry private investors.

Nobody has been sent away empty-handed: those who applied for up to 200 shares will be alocated in full, while applicants for bigger amounts will get at least 30 per cent.

This time, there will be no anxious waiting for the postman to see if he has a letter of aceptance in his bag; and all who applied will have received their allocations by Thursday or Friday.

Investorsa nxious to sell at once probably can do so before they get hold of their letters. Most stockbrokers will arrange an early sale for their clients although if, by some freak chance, the letter does not arrive, the investor will have to buy back the shares in the market.

In any case, selling at once does not seem a particularly attractive option. Since the offer was priced, the Cable and Wireless price has fallen from 618p to below 600p; and dealings in the new shares opened on Friday at 305p, a premium of 5p above the 300p partly paid price.

The outcome must be a disapointment to anyone who bought with a view to making a quick turn. Taking into account the 7 per cent advantage of the new shares over the old when they were priced, investors could have made a turn of about 14 per cent on the partly paid shares had the price of the old stayed the same. As it is, the promise of a 5p profit scarcely makes the effort seem worthwhile.

So all those lucky investors who got all the shares they thought they wanted when they posted off their application forms about 10 days ago are perhaps not quite so lucky after all.

Lucy Kellaway

Capital Transfer Tax

Revenue challenge

ALLIED DUNBAR strongly denied a suggestion this week that its Capital Transfer Tax planning scheme — marketed as the Family Trust — might be threatened by the Inland Revenue.

The charge came from Mr Chris Marshall, legal services adviser to the Legal & General, in a special briefing held by the company to try and clarify recent reports that the Revenue was planning to attack some of the variety of schemes used to reduce or avoid liability to CTT.

News that the Revenue is to challenge one particular type of CTT avoidance scheme before the Special Commissioners in January has sparked off general speculation that it might try to broaden the attack by citing the Furniss versus Dawson judgment which basically found against plans whose prime purpose is tax avoidance.

Mr Marshall claimed that apart from the scheme being directly challenged before the Special Commissioners, the only other inheritance trust plan which might be a "bit dodgy" was the immediate reverse loan back scheme of the type offered by Allied Dunbar. "Can you call it a gift if you immediately lend back the money given?," he wondered.

Mr Malcolm Cooper-Smith of Allied Dunbar said, however, that he was quite happy with his company's Family Trust scheme and confident that it was not under threat from the Revenue.

Under the scheme you buy a bond for a lump sum which is put into a flexible trust for any potential beneficiaries, which might include the donors of the capital. The trustees then have discretion to make interest-free loans to the beneficiaries.

Mr Cooper-Smith said that provided the trust was propertly run there should be no problems with the Revenue. He noted that so far, to the best of his knowledge, hundreds of death claims had been made under the scheme without opposition from the Revenue during the three years it had been running.

John Edwards

Managed funds

Few stars in the world rankings

MANAGED FUNDS — unit trusts which invest in other unit trusts—have not been very successful in attracting money from the public. The arrival of these funds of funds (as they were dubbed) in October was greeted by a barrage of criticism from those who believed that their managers would face conflicts of interest and would produce poor investment performance.

Save & Prosper has done best, attracting £10m and more than 1,000 regular savers. Abbey was disappointed with the £2.5m invested in its Master Trust, while Grieveson Grant was so upset with the response to its Barrington Planned Investment fund that it is not divulging figures. It is believed to have taken about £500,000 after spending more than £100,000 on television advertising.

Critics of the managed fund say that a general international fund, investing directly in shares around the world rather than in geographically specialised funds, will produce better performance. But can the international unit trusts themselves show a good performance record?

The results are variable. The best general international unit trusts have done very well: the top performer shows gains of nearly 250 per cent in the past five years. The worst are very bad, although only two have failed to beat inflation over this period.

THE BEST AND WORST OF INTERNATIONAL UNIT TRUSTS

Top performers over five years	
FUND	£
Bishopsgate International	3,451
Oppenheimer Intl Growth	3,420
Bishopsgate Progressive	2,978
Perpetual Intl Growth ...	2,928
Hill Samuel International	2,582
FT All Share Index	2,189
Worst performers	
Chieftain International ...	1,298
S & P Universal Growth	1,339
Britannia Intl Growth ...	1,399
Retail Price Index	1,393
Laing & Cruickshank Intl	1,508
James Finlay Intl	1,538

Bishopsgate's two funds rank among the top five international trusts, whether you look at them over one, three or five years. Perpetual Group Growth now renamed Perpetual International Growth, also features consistently among the best performers.

Oppenheimer International Growth ranks highly over three and five years, but much of its advance was achieved in a spectacular burst in 1983, when the fund was a tiny fraction of its present size and heavily engaged in stagging American issues.

But the cluster of stars stands well clear of the rest of the field. In a league table showing the performance of the 50 international trusts that are more than five years old, the gap between numbers one and six is greater than that between numbers six and 46. Overall, the gains range from 28 per cent a year (Bishopsgate International) to 5.4 per cent a year (Chieftain International).

Many international funds are content not to achieve spectacular performance. As general trusts they seek to limit their risk more closely than specialised funds.

Hill Samuel's International Trust, for example, can take aggressive investment decisions. As much as 20 per cent of the fund was recently invested in the volatile Hong Kong market, and 17 per cent is still there.

"I regard that as a very high risk investment," said the fund manager, Roy Gillson, "but as compensation we also had a significant exposure to German bonds." The fund now has 16 per cent of its money in these relatively low-risk bonds, which have the added attraction of boosting its income yield.

Martyn Arbib, chairman of Perpetual, believes a portfolio of between 50 and 100 shares around the world is an adequate spread of risk. He says that a managed fund investing in other unit trusts will in effect have more than 400 shares in its portfolio, only some of which will be the best choices.

"If I want to move into the American market, I want my American fund manager's nap selections," he says.

Arbib also denies the claim made by several unit trust groups that the public will not buy general international trusts, whatever their advantages. His International Growth fund sells consistently well, and of the £195m that Perpetual manages in UK unit trusts, £128m is invested in general international funds.

"There is nothing magic about it," he says. "We are just running a private portfolio for a large number of investors."

George Graham

Royal London homes

THE Royal London Mutual Insurance Society is the latest life company to enter the direct mortgage market, with its recent launch of Royal London Homebuy. Under this scheme the society will be selling mortgages direct to the public, mainly through its own field force.

The scheme operates on an interest-only basis, the present rate being 13.25 per cent (APR 14.3 per cent) irrespective of how much is lent. Repayment is either by a low cost endowment from Royal London or a Royal London personal pension policy, if applicable.

The company will grant mortgages up to 95 per cent, with an income multiplier limit of 2.75 times main income, plus once secondary income.

Royal London, which is not on the inner panel of life companies recommended by building societies, has been forced to offer its own mortgages as part of its service to clients. The company has raised an initial amount of £50m for mortgage finance, so at present it is keeping the scheme solely to new mortgages.

Hambros company guide

HAMBROS BANK is relaunching its company guide, which provides corporate, financial and statistical City information in compact book form. Published last in 1981, it will be updated quarterly for an annual subscription of £39.50.

The guide provides details on 1,663 listed companies together with 274 listed on the USM and 232 on the OTC market. The data covers profit and loss and balance sheet figures over five years; the latest interim and preliminary results; and a resume of activities and other essential information.

The company profiles give market capitalisation figures over five years and a share price graph plotted against the FT All-Share Index.

Companies are broken down by industry, and cross-references to each entry facilitate inter-company comparisons by sector. Professional advisers, together with a list of their client companies, also are listed.

The previous guide proved popular with private investors, who accounted for 40 per cent of subscriptions. Hambros, which is bringing out the new version in conjunction with Hemmington Scott Publishing, is aiming for a subscription list of 20,000.

It is available from Hemmington Scott Publishing, Greenhill House, 90-93 Cowcross Street, London EC1M 6BH.

Words of unwisdom

HAVE you read and understood your mortgage deed? If not, do not bother. It is likely to be incomprehensible, according to the Campaign for Plain English.

Try this for size, courtesy of the Leeds Permanent Building Society: "To hold the same unto the Society absolutely subject to a like right of redemption as immediately after the execution hereof will be subsisting under this Deed and the Principal Deed in respect the mortgaged property."

The campaign's judges awarded it one of this year's Golden Bull booby prizes for unintelligible English. "Mind-boggling—how is any average house-buyer supposed to understand this stuff?"

A brickbat also went to the Inland Revenue for a warning about unpaid tax. "They seem to have put the words into a bag and drawn them out at random," said the judges—who gave the Revenue a Plain English prize in 1983 for improving the tax return forms. Grampian, City of Edinburgh and Hammersmith and Fulham councils were also criticised.

The good news is that plain English is making some headway. "Many civil servants—and some businessmen—ARE trying to do better," says Martin Cutts, co-organiser of the campaign, which with the backing of the National Consumer Council, has been fighting "gobbledegook" since 1979.

George Graham

Expatriate tax

Taxman's hands across the sea

INTENDING EMIGRANTS might think that merely leaving the UK to begin a new life overseas, automatically results in immediate and permanent escape from Britain's many direct taxes. The reality is different.

The first step towards the elimination of British tax liability is non-residence status. If there is evidence that the departure is intended to be permanent (if you dispose of your British home, or take up full-time employment overseas) non-residence will be admitted from the day after you leave. But there must be no permanent return until at least after a full tax year — April 6 to April 5.

In all other cases, the Revenue will delay a decision until three years has elapsed, after which a review will be made of what has actually happened. If all is well, non-residence status will be admitted retrospectively.

To become and remain non-resident, emigrants must restrict their visits to the UK to six months in a tax year or an average of three months a year. And those who keep a property available for themselves in Britain must not overlook that a single day's visit will make them resident for the tax year concerned. But anyone who has a full-time overseas employment or business is excluded from this last rule.

Non-residence eliminates all liability to British income tax on overseas income but, generally speaking, UK source income remains chargeable wherever the recipient lives.

Happily, there are a number of exceptions to this generalisation. Some of them arise out of double taxation treaties and others by reason of the general law. So various former colonial pensions, for which the British Government has taken responsibility, are exempted from tax when the recipient becomes non-resident. Most important, interest paid on certain British Government securities escapes tax.

Exemptions granted by the various double taxation treaties are many and varied but usually provide for the elimination of UK tax on such things as interest and non-Governmental pensions.

The tax treatment of the British state pension is somewhat odd. Technically, it remains liable to tax even though the recipient is non-resident. But the fact is, that in such circumstances the Inland Revenue does not assess the income although, exceptionally, it is taken into account when calculating certain reliefs from tax.

Furthermore, non-residents can arrange for their British deposit interest (and, from April 6 1986, building society interest) to be paid without deduction of the composite rate tax normally applicable.

Non-resident status immediately releases the emigrant from liability to British Capital Gains Tax. Unlike income tax, the exemption extends to gains realised from British assets. (The one exception to this rule is that gains realised from the disposal of assets used in a UK business remain taxable.) Consequently, an emigrant who disposes of all his British assets before he departs—and while he is still liable to Capital Gains Tax — might be doing entirely the wrong thing.

Capital Transfer Tax, on the other hand, is entirely unaffected by a change of residence status. Its application is determined by the individual's "domicile," a UK domiciliary being chargeable on his world-wide assets, whereas a person domiciled elsewhere is taxable only on his assets in Britain.

Domicile is quite distinct from both residence and nationality and might be briefly defined as a person's natural homeland. Consequently, when someone leaves Britain for permanent residence overseas, a domicile of choice in the new country of residence will usually result.

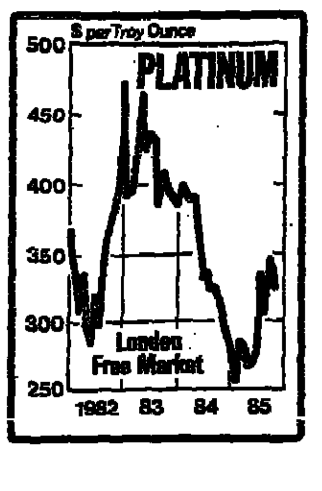
Donald Elkin

Diamonds and precious metals

All that glitters is not profitable

TRADITIONAL "stores of wealth," like precious metals and diamonds have been under a cloud in recent years. Prices generally have been depressed and many investors have questioned if such things really are necessary in a portfolio during this period of low inflation in the industrialised world.

Certainly, at the moment they are a costly luxury, bearing in mind the amount that could be earned on the booming stock markets with funds that one locked away in a sterile investment paying neither dividends nor interest.



Still, tradition appears to die hard. According to Johnson Matthey, the precious metal refiner (which has nothing to do these days with the ill-fated Johnson Matthey Bankers), world investment demand for platinum has soared this year. JM estimates that investors have bought more than 210,000 ounces, 25 per cent over last year and equal to nearly 10 per cent of total demand.

Investment interest in platinum, as an alternative store of wealth to gold and silver, became significant only in 1982 when 45,000 ounces were bought; and it has grown apace in spite of a very disappointing price performance. One reason for the increased interest was the launch of the Noble coin (platinum's equivalent to the Krugerrand or Mapleleaf gold coins) in November 1983.

According to Johnson Matthey, however, sales of small bars, ingots and medallions, in which it specialises, took the bulk of the increased investment sales last year with a 65 per cent share, compared with only 35 per cent for bullion coins. Ayrton Metals says it has retained sales of coins at the annual rate of 100,000 ounces during the year to November 1985.

Unlike coins, the majority of bars and ingots are sold to UK investors for deposit in banks overseas (Jersey or Zurich) to avoid paying VAT. Investors are issued with the equivalent of bearer certificates for their holdings in the bank specified, and can claim them at any time.

Alternatively, Johnson Matthey guarantees it will buy back the platinum at the market price, less 1 per cent, provided that the bars and ingots are in "marketable" condition. It also refunds half the original preparation charge (3 to 5 per cent premium for large size bars) made at the time of purchase to cover the cost of manufacturing and packaging.

Johnson Matthey claims that demand for platinum is rising faster than supply and that the outlook appears "more constructive" than it has been for some while. However, the market seems to have calmed down after the flurry of buying interest triggered off by the riots in South Africa which affected platinum more than gold.

Supplies of platinum depend far more on South Africa than gold. At the same time, a much greater proportion of platinum is used by industry, including the expanding market for car exhaust cleaning catalysts. As a result the price of platinum moved to a substantial premium over gold, but this has narrowed recently as the collapse in oil prices has put both markets under pressure.

Forecasts that gold and platinum prices have reached the bottom level and are due to take off have been made regularly for the past two or three years. So far, investors have suffered badly, although precious metals did provide some protection against the headlong fall in the value of sterling against the dollar.

This year, with the trend reversed, sterling prices of platinum have held up reasonably well, reflecting a fairly substantial rise in the dollar price. However, as a short-term investment platinum (and gold) has been a disaster when compared with dealing in shares, unit trusts or even simply putting money on deposit. It all depends whether you take a short- or long-term point of view.

Meanwhile, that other traditional store of wealth — attack in the latest edition of diamonds — came under heavy Which ?, published by the Consumers Association. The magazine says that since 1970, when it bought diamonds worth more than £3,000, it has offered them for sale on five occasions and each time would have made a substantial loss in real terms.

The latest attempt this summer proved equally disastrous with wide variations in the prices offered and the average well below what would have been earned if the money had been invested instead in a building society during the past 15 years.

The magazine concludes that, as a means of investing, buying and selling jewellery and loose stones over the counter to dealers seems a sure-fire way to lose money.

John Edwards

Understanding Reports and Accounts

Profit and loss

THE PROFIT and loss account of any organisation is a financial history book. It tells the story of what happened during the named year; the only trouble is it is read when it is at least three months, if not longer, out of date. So the first thing to realise is that it can tell you nothing about the company's future; only about the past. Nevertheless it is full of useful information if you know where to look.

Some of the terms used are shorthand jargon but they contain a wealth of meaning.

The turnover of a company is the total sales made during the period under review, whether or not they have been paid for. Turnover does not include any proceeds from the sale of old plant and machinery or salesmen's cars. Nor does it include any incidental income from deposit accounts or subletting. Neither does it include any Value Added Tax (VAT).

To find out how much profit has been made out of the sales the cost of sales needs to be considered. This includes all the direct costs that go into making up the sales of the business.

In a manufacturing organisation like ICI the cost of sales will include, purchases of materials and components, the labour of the workers who manufacture the product and any other direct costs such as factory rent, electricity or rates.

Cost of sales also includes all the stock and part finished goods that were in the business on the first day of the year, but excludes all the stocks and part finished goods that remained on hand on the last day of the year.

The turnover, less the cost of sales, give the gross profit for the year. Gross profit is not the actual profit made by the organisation, but merely the profit made on the sales without taking into consideration any of the indirect costs of running the company.

Since gross profit is not the final porfit figure why do accountants set so much store by it? The answer is that it marks an effective comparison between one company and another. If company A borrows money and company B does not, company A will have greater expenditure and thus less final profit. If they are trading in the same business their accounts might not seem comparable; but if you compare them at the Gross Profit level then they are comparable.

To be able to compare a company's accounts with another company is a very valuable exercise; if another company is trading in the same product but making more profit, what lessons can be learned? One of the best guides to the profitability of a company is to compare it with others trading in the same field.

Once the gross profit has been arrived at, all the other operating expenses are deducted and incidental income from trading is added. Incidental income may include the income from related companies. A related company is one in which the main company has a substantial investment, 20-50 per cent, but not outright ownership. In those circumstances it is assumed that the company which owns the stake in the related company is entitled not merely to the dividends paid out but also to a proportional share of the profits retained by the related company.

Immediately after the figure for profit on ordinary activities, the taxation charge is deducted. After that the company may account for the out of the ordinary activities which have taken place during the year under review. When the accounts refer to extraordinary items they mean events that have caused material profits or losses which were not in the ordinary pattern of trading.

To show something as an extraordinary item is to declare that an event has occurred that was not expected and will not be expected to occur again. No extraordinary item will be included in the calculation of earnings per share. So it can be of great help to a company that has incurred unexpected and large losses due to no fault of its own to be able to show them as an extraordinary item.

Once the extraordinary ite have been brought into profit and loss account company will show how mu of its profit it intends to out in dividends and how mu it intends to retain in company for next yea growth. The proportion profit paid out in divider will depend on the individu company's policy, but anyo looking for a capital grov share would be very d appointed to see more th 40-50 per cent of the yea profit being paid out

It is important to calcula the dividend cover; that how many times the divide divides into the actual pro for the year. Any invest looking for income and r capital growth will be keen see a high dividend and a l dividend cover; but t investor who wants a futu capital gain and not incor now will prefer the lowe acceptable dividend and much profit as possib ploughed back into the busine to finance future growth. the long-term capital grow investor should seek hi dividend cover.

One definition of profit "having a bigger business the end of the year, th existed at the beginning of t year;" but that definition on really applies to those wh look for capital growth share

The level of profit cann effectively be judged by sta ing within the profit and lo account. You also need to lo at the balance sheet and th apply certain figures four there to the turnover and pro figures to establish whether a organisation is making enou profit to satisfy its future need

Jane Alla

BRIEFCASE

Sickness and wealth

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I recently sent a cheque for £100 to a hospital following a disputed bill. In my letter, I stated that the cheque was sent on the understanding it was accepted in full settlement, otherwise it should be returned to me. The cheque was banked and now they are threatening to sue me for the balance. I thought the necessity to offer legal tender was a relict of a past age. Further the fact that I asked for the cheque to be returned, if not accepted, places the creditor in an entirely different position to just sending a cheque in settlement.

We think that you have a strong case for saying that the banking of your cheque constituted acceptance of your offer on the terms proposed by you, and therefore that the claim has been compromised.

Selling the second home

I own a second home, which I inherited from my mother in 1964, when it was valued at £4,500. The value is now £52,500.
1. If I sold it now, do I pay full CGT on the difference between these sums, less, of course, the cost of selling?
2. If my wife outlives me and inherits the property, then sells it, does she pay CGT only on the gain in value between the selling and inheriting dates?
3. I would like to form the property into a Trust of, say, 500 units, each of value, say £100 and allocate these annually to the limit of my gift allowance, thereby reducing ultimate CGT for either my wife or myself. Is this a practical scheme?

1. Yes, except that the base value will be the value as at April 6 1985: thus the gain will be reduced by the proportion of the total period from purchase to sale borne by that part of the period which lies before April 6 1965:

2. Yes.

3. This is feasible: there would be a need to discharge the liability to Capital Gains Tax on the proportionate parts as they are disposed of.

Joint accounts and probate

My wife and I own everything jointly i.e. joint bank account, building society account etc. Our wills leave everything to wife/husband.
In the event of one partner dying will probate be required or can the surviving spouse use the money in the joint accounts until exhausted? What is the position if there is also a jointly owned home?

Probate will not be required to enable the joint accounts to be operated by the Survivor. Because of the possibility of there having been a severance of the joint tenancy the appointment of a new trustee may be required in the case of the real property (house).

Managing agents

I understand that under the Housing Act it is stated that the accountant (auditor) must not be an agent or employee of the landlord.
Our auditors state that they are the employee of the managing agent, who is of course an employee of the landlord.
As it would appear that most of the large companies of managing agents employ their own auditors, does this not contravene the Act?

The Act requires (in the case of more than four flats) certification by a qualified accountant, not an auditor. That accountant must not be an officer or employee of the landlord; but there is no restriction on agency. If the accountant is an employee of the managing agents, and not an independent accountant retained by them, that is clearly not a desirable practice, but it does not appear to infringe the statutory provision. The managing agents ought not to be employees of the landlord, but can be retained by the landlord as agents or independent contractors.

Improvements to property

I have a property in England which I am letting out furnished to tenants while temporarily abroad. During the time it was already rented out I decided to have installed more electricity sockets and a new electricity line for night storage heaters.

Can I offset the costs incurred against letting income? Can I claim the cost of the night storage heaters or are they covered in the 10 per cent furniture/fittings deduction from letting income?

No: the arbitrary 10 per cent wear-and-tear allowance covers everything. You will find general guidance in a free booklet IR27 (Income from real property), which is obtainable by post from your UK tax inspector. If you have forgotten his/her address, write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, United Kingdom WC2R 1LB.

Dynastic solutions

I believe I heard on the radio that Joan Collins had made an arrangement whereby her fortune would be safe in the event that her latest marriage ends.

Is such a legal arrangement possible in the UK, in a case where both parties to a forthcoming marriage are in their forties and no children are contemplated, giving financial protection for the woman and the man?

It is possible to make provision of the kind you mention under English law. Such provision however cannot oust the jurisdiction of the Court to make an award which has the effect of varying such provision after the death of one spouse, if the provision for the survivor is not adequate.

Charities

Conscience money

THIS time last year, Bob Geldof and Midge Ure made the most of seasonal goodwill with the Band Aid record "Do they know it's Christmas?" It tapped a sector of the population that traditionally might *not respond* to Third World charity appeals: and $15m that otherwise would have reached only music moguls was diverted to African famine victims.

Band Aid forced famine into the public consciousness, and it has been kept there throughout the year with further profitable ventures like the Live Aid concert.

As well as the estimated $120m that the Geldof campaign has raised directly, the major agencies such as Oxfam, Christian Aid and Save the Children Fund (SCF) admit freely that there was a spin-off benefit to them, with special donations four or five times higher in 1985 than previous *years.*

There has been no problem spending this increased income. The *problem is to keep the* money coming in when the media images fade, because, although less newsworthy, famine still threatens millions. The food situation in Sudan is deteriorating and the United Nations says it is "critical" in four other African countries: Ethiopia, Angola, Botswana and *Mozambique.*

While at first sight there would seem to be a wasteful duplication of charities in the field, each in fact emphasises a different aspect of development and, together, they net widely different kinds of donors.

Some, like Christian Aid and *Catholic Fund for Overseas Development* (CAFOD), emphasise the Christian message, while others like War on Want are distinctly secular. Some emphasise emergency relief, some only long-term development. Lobbying governments, educating the rich and pressing for political change is funded by some, while others back only personal contact like child-sponsoring.

In any case, the "big five" charities (Oxfam, SCF, Christian Aid, Red Cross and CAFOD) work together on major appeals through the Disasters Emergency Committee. Oxfam is the biggest with an income last year of over £50m, more than double the previous year. This Christmas, as well as its gifts and cards mail order service, Oxfam is launching a famine recovery fund for Ethiopia and Sudan.

Donors also are being encouraged to make longer term commitments so that Oxfam can recover the tax. A four-year *covenant* enables a charity to reclaim 43p from the Inland Revenue for every £1 donation *on which basic rate tax has* been paid.

Oxfam's African famine appeal last year raised about £22m. Now, the emphasis is on longer term development, like water supply and agricultural reforms. According to a spokesman: "The public now wants to contribute towards projects that are geared to ending future famines. But, realistically, we recognise that first aid operations will go on being needed for a while yet."

The SCF's emphasis on the child makes Christmas particularly important for fund raising. It is one of the oldest charities, founded in 1919 and now with 830 branches around the country. Its basic work is long-term health care and nutrition *projects that normally do not* reach the headlines.

However, it has been in the media eye all year with coverage of the Wello province feeding centres in Ethiopia and Princess Anne's Third World tours as its president. As a result, for the year to October SCF had received £27.8m for famine relief *alone and* Princess Anne's visit to Sudan this month is expected to give a further boost to the Christmas appeal. Total income for 1984-1985 showed a phenomenal increase, from £16.6m the previous year to £42.5m.

The SCF also offers a child sponsorship programme, *although some other charities* claim this is expensive to administer, and unfair and divisive in the child's community. Money could be better spent if used for whole villages, they say.

Child sponsorship is growing, however, and several agencies seek sponsors for individual children through newspaper advertisements. They argue that, for some donors, a direct relationship with the recipient might be important and the deciding factor in whether to give at all.

Bob Geldof . . . made famine a public concern

Action Aid and World Vision Childcare aim to attract donors who specifically want personal contact with a recipient and, for about £8 a month, donors receive regular information about "their" children. WVC is well-established in the US, where Third World child sponsorship is more common, and is seeking UK donors this year through an expensive mail shot in the Sunday newspapers.

Action Aid combines child sponsorship with small-scale projects such as building *schools* by *using low-cost* methods and local resources.

Traidcraft is a radically different sort of Christian organisation, geared to selling rather than seeking donations. It aims to promote justice in commodity *trading* between industrialised and developing countries. Christian Aid and CAFOD are using Traidcraft's Christmas catalogue for their own fund raising this year.

Traidcraft's main operation is selling sugar, tea and coffee (its sugar comes in sachets printed with homilies on the evils of EEC agricultural policy). Sales reached nearly 3m last year and it claims that up to 3,000 full-time jobs were created around the world—including some in north-east England where it has *its headquarters.*

Christian Aid is the charity wing of the British Council *of Churches,* and the *largest* Christian charity in the UK. Income last financial year was *£20m compared with £11.3m* the year before.

Although all charities have to emphasise their non-political nature, War on Want has the reputation of being the most radical. It was founded in 1951 by publisher Victor Gollancz for campaigning rather than distributing relief. This led to investigations by the Charity Commissioners: WoW has now reached an accommodation with them by setting up a separate company for overtly political work.

Like Christian Aid, WoW has been active in Tigray and Eritrea in the north of Ethiopia, and says that relieving famine is not a matter of sending food but of overcoming political obstacles like the Ethiopian government's massive military spending.

WoW's recent growth has *been staggering, up from £1.15m* in 1983/84 to £6.56m in 1984/85. Donations can be directed to specific causes such as projects covering food, job creation, health and research.

Oxfam: 274 Banbury Road, Oxford OX2 7DZ; *Save the Children Fund:* 17 Grove Lane London SE5 8RD; World Vision Childcare: Dychurch House, Freepost, Northampton NN1 2BR; Action Aid: 208 Upper Street, London N1 1RZ; Traidcraft plc: Kingsway, Gateshead NE11 ONE. Christian Aid: 240 Ferndale Road, London SW9; War on Want: 11a Freepost, Three Castles House, 1 London Bridge Street, London SE1 9UT.

Barbara Gunnell

Contents insurance

Pru imposes excesses

JUST OVER a year ago, *Prudential Assurance shocked* householders and the insurance market when it announced swingeing increases in its house content rates.

Many of the Pru's 3m policyholders, insuring their house contents with the company, faced premium rises of three or four times if they lived in *London and other major cities.*

The company claimed these increases were necessary because of the continually rising claim costs. In some inner city areas, payments of claims over a period were three times the premium received.

In addition the Pru imposed automatic excesses on theft *claims for those policyholders* living in London and other major cities. This meant that they had to pay the first £50 on any theft claim.

This action has not stemmed the tide of claims. The Pru has found householders reacting to the premium increases by *claiming for every conceivable* item. The Pru paid out some £50m on 250,000 claims made *during the first six months of* 1975 and almost half were for amounts under £50.

So from the begioning [sic] of next year, the Pru is imposing automatic excesses on all its contents policies. Under normal reinstatement — new-for-old policies, the excess is £50, while *for indemnity it is £25.*

Premium rates remain unchanged, so the Pru is effectively charging householders who make claims rather than spreading the cost burden on all householders.

The major composite insurance companies have been talking for years about the need to impose excesses to stop small claim payments. But no one has *had the courage* to make the change until now.

The Pru is also imposing *excesses of £50 on its house* buildings insurance, while increasing the rate from £1.50 to £1.60 per £1,000 sum insured on its basic reinstatement policies.

Other leading insurance companies are putting up their rates from £1.60 to £1.80 in the new year. However, the Pru is following the market rating for building society block contracts.

Finally, the Pru has simplified its policy documentation so that householders can more readily understand their household insurance contracts —action that has been recommended by the insurance ombudsman.

Eric Short

Taxation

Golden hello, goodbye

THE SWITCH to professional Rugby League by Welsh international Terry Holmes may have started on an unfortunate note with an injury in his first game. But he completed the entry to his professional career successfully — by eluding the tackle of the Inland Revenue.

The £80,000 which he is being paid to join Rugby League club Bradford Northern will be completely tax free.

New recruits in other fields are unlikely to be as fortunate. Signing-on fees are becoming increasingly common and so substantial that they have been dubbed "Golden Hellos". In the City of London, six figure "transfer" fees are now commonplace. The custom is spreading throughout *British industry* as competition to recruit scarce talent hots up.

The recipient of a "Golden Hello" might be forgiven for assuming that the payment will be *treated* as *capital* rather than income. It is, after all, a once-only lump sum, with none of the characteristic features of regular salary income.

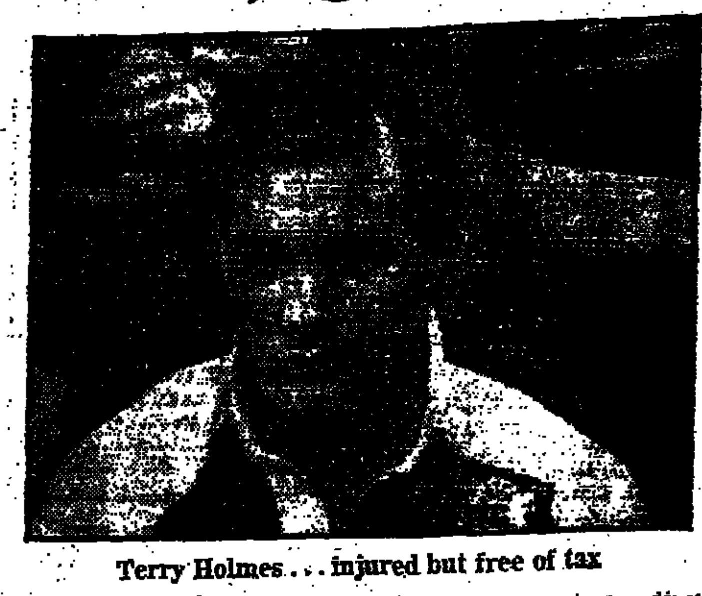
Such logic gets short shrift from the Inland Revenue, however. The tax collector's view is that an up-front payment is a reward for future services. If *so, then it is to be treated like* an ordinary salary instalment and charged to income tax at the employee's marginal rate.

The only way to displace this Revenue presumption is to prove that the payment was made for a quite different reason than to provide remuneration in advance.

That leaves two possibilities. Either the employee is being compensated for some special *loss which will result from* taking the job. Or the employer is buying an extra asset or advantage, apart from the benefit of procuring the employee's services.

Which brings us back to Terry Holmes. He benefits from a precedent established by three predecessors in 1964, who defeated the Inland Revenue *in* a thrilling legal contest. The players' winning argument was that *their signing-on fees* were compensation for the permanent loss of their amateur status.

The Revenue, while never challenging that particular decision, have sought to limit its application solely to rugby players and to slap down other justifications for treating "golden hellos" as tax-free. They have been assisted by the increasingly hardline approach *of the Courts on tax matters.*



Terry Holmes . . . injured but free of tax

A recent decision involved an accountant at a prestigious company who was given an inducement payment to leave professional practice and become the finance direct$r$ [sic] of a private company. All arguments about loss of status — echoing the Rugby players—fell on deaf ears. The Court viewed *the payment as future remuneration* and therefore subject to income tax.

The "special benefit to employer" argument may still have its possibilities. For the argument to succeed, it has to be shown that the special benefit claimed is completely independent from the provision of services by the employee.

To return to the world of sport, if a top cricketer were to be paid a *lump sum* to join a new team it would be pointless for him to argue that, though he *was* being recruited as a batsman, the payment was for the extra benefit to his employer of his world-class slip fielding. Even if this were true, the payment would still be taxable.

The usual case where the "employer benefit" argument succeeds is where the employee *is selling* an asset to the new boss. The asset may be the goodwill of a business or shares *in a company.* If it can be shown that payment is for the asset then the only tax payable will be Capital Gains Tax.

If a company wishes to make an inducement payment to a new recruit and at the same time buy his business, there will obviously be a temptation to put as high a price as possible on the business *in order to* minimise the employee's income tax exposure. But if the sale price is unrealistically high, the Revenue may step in to adjust the proportions.

The taxpayer's position may be weakened if the amount received for an asset *is linked* to continuing employment with the purchaser. This will tend to suggest *a payment for future* services. However, though unhelpful, this need not necessarily be fatal to the taxpayer's case.

This is demonstrated by the clearances recently given by the Revenue to a number of City stockbrokers who sold partnership shares to outside buyers and at the same time *undertook* to continue working for the new owners.

The consideration for the sale of the shares was to be paid in instalments over a number of years and the instalments would only be payable for as long as the partner remained in the employment of the firm. In spite of this linkage, the Revenue agreed that the brokers are only liable to Capital Gains Tax.

The overall conclusion must be that unless you have got *something to sell,* or you are a rugby player, there is very little chance of avoiding income tax on a "golden hello."

This should act as a stimulus to more imaginative remuneration planning. One possibility would be to welcome the new recruit with a substantial executive share option instead of cash. The Revenue limits are generous enough to satisfy most appetites, and it should be possible *to avoid* the income tax net. The only drawback is that there will be no guarantee of *what profit, if any, the option* will produce.

David Cohen

British buyers shop around the Rock

THE OPENING of the frontier to Gibraltar last February has been beneficial to Britain and Spain as far as property buying is concerned. On the rock. Solomon "Momy" Levy one of the main estate agents in King's Yard confirms that over the past nine months he has sold more flats than over the last three years put together.

"Buyers are mainly from the United Kingdom who want to live here but be able to visit Spain easily. Prices paid vary from £38.500 to £80.000."

And some Gibraltarian business people have bought across the border. either commuting *daily or coming across for week*ends. The 4.400-acre Sotogrande estate. less than a 30-minute drive away. is popular.

To service this end of the Spanish coast. a significant new scheme. The Sotogrande Centre. has just been launched It will include shops. apartment-hotel, sports centre. flats and penthouses.

The design is by Estudio de Arquitectura. the team responsible for restoring part of the old town of Santiago de Compostela. Building will be by Alcyon. whose work includes a large petroleum refinery at Algeciras. as well as alterations to Moncloa. official residence of Spanish Prime Minister. Felipe Gonzalez.

The project is being undertaken by Elizabeth Woods. managing director of Fincasol. property company and estate agents based in Salisbury. England. and at Sotogrande. Finance of £1.5m is needed. Work can begin in January says Mrs Woods. who holds the necessary options and permissions on the land.

There is an impressive research document on the viability of the scheme by Horwarth and Horwarth. Fincasol's legal advisers in London. Denton Hall and Burgin. and financial consultants Coopers and Lybrand. have based their findings on it. Confirming the benefits. they point out risk factors:

- The development of a commercial centre of this size has not been attempted before on the Costa del Sol.
- The capital requirements are sensitive to construction costs. delays and the degree to which units and apartments can be pre-sold.
- The financial projections expressed in sterling are also sensitive to any significant changes in the strength of the peseta.

The expected cost of the centre at today's values. assuming an exchange rate of 225 pesetas to the £1. is £10.52m. On the same basis sales on completion—planned for late 1988—should generate revenue of £12.85m. leaving a net profit to investors of £1.46m. allowing for interest and taxation.

Funds are being raised by offering shares in the company which has been incorporated in the Netherlands Antilles. The minimum is £20.000 in £20 shares. and investors will get first choice on the accommodation for sale. Already there are six major shareholders—three of whom are lawyers. one an East African investor. others Gibraltarians. The project is over *half subscribed.* and inquiries should go to Steven Beharrell. Denton Hall and Burgin. 90 Chancery Lane. WC2.

The centre is planned on a new approach road to be built to Puerto Sotogrande. where £3m-worth of apartments and marina berths have been sold since August. Buyers at the port are 75 per cent British. 15 to 20 per cent Spanish.

Inquiries for apartments from around £30.000 to £100 000-plus for penthouses. can be made to sales director Harriet Högström on site. Seven blocks have been built. and another is nearly completed.

When Spain becomes a member of the EEC on January 1. property prices could be increased about 10 per cent. This is because of the imposition of IVA. *Impuesto sobre el Valor Arudido*. the Spanish version of our Value Added Tax.

The Five-star. 46 bedroom Sotogrande Hotel is owned and managed by Martin Hoskins and his family as part of the Poste Hotel group in England. As they want to come home. it is for sale at around £1.4m. to include 12½ acres plus some land on which there is an option to build.

Since the opening of the border. many business people from Madrid stay there. The week-end property-inspection package for £250 including half-board. flight and car-hire is popular too. Details Meg Lewis. George Hotel. Stamford. Lincolnshire (0780 53171). who will also pass on inquiries for sale of the hotel.

The adjoining Cortijo Valderama. where the Hoskins live. is on offer for around £350.000. Built at the turn of the century. it was the farmhouse of one of the four farms bought to create the Sotogrande Estate. In 16 acres. there is stabling for 150 polo ponies who come to Sotogrande for the game in the summer.

The other speciality is golf. One of the courses. Las Aves, has just been bought by Bolivian millionaire Jimmy Patino. who is reserving it for himself and 500 members. The former residential professional Tony Jacklin is starting up his own venture in San Roque nearby. where he is proposing to build some £200.000 villas.

Along the coast towards Marbella. between Estepona and San Pedro. Barratt. the British developers. has bought the remaining 65 houses and apartments at Villacana. a well-established complex.

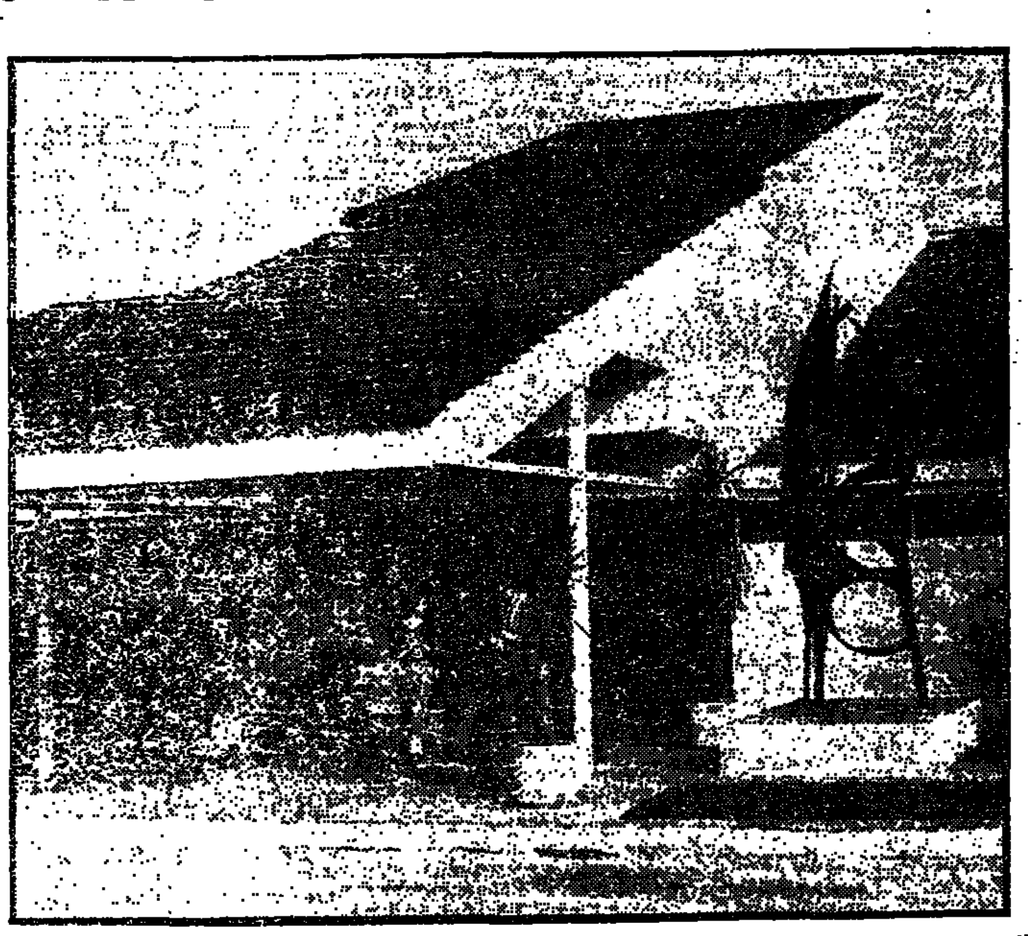
Barratt has furnished and equipped all the units to a high standard. and is now selling them for timeshare at £2.500 *to £5.950 for one week a year* in perpetuity. The landscaping and up-grading is supervised by Frank Chapman, managing director. Barratt Multi-Ownership. 6 Half Moon Street, London, W.1. (01-629 2731).

At Estepona—you turn off the main road by the Yellow Book restaurant—work has just begun on yet another apartment complex, Dominion Beach. This is part of Dominion International. a British building *company* based at Wimbledon and 25 Brook Street, London, W.1. Apartments will cost from £116.000.

Buyers at La Heredia, on a hill above San Pedro are mainly British. Francisco "Paco" Parladé. who once worked for Knight Frank and Rutley in London. has created an authentic Spanish pueblo. a grouping of little houses selling from around £50,000.

June Field

Left: Villacana, near Estepona, where Barratt apartments are for sale on a timeshare basis. Details 01-629 2731



Above: Sotogrande Hotel, for sale at around £1.4m.

BRIDGE

WHEN I am playing a session of rubber bridge. I am constantly on the look-out for hands which illustrate some important point of dummy play or defence. Here are two such hands. and they teach valuable lessons.

Let us look first at **Morton's Fork:**

N
♠ Q 10 7 4
♥ A Q
♦ K 8 7 2
♣ Q 5 3

W
♠ K 8 5 2
♥ 10 9 8 7 5
♦ 10 3
♣ J 6

E
♠ J 9 3
♥ 6 2
♦ 9 4
♣ A 10 9 8 4 2

S
♠ A 6
♥ K J 4 3
♦ A Q J 6 5
♣ K 7

At game all South dealt and bid one diamond. to which North replied with one spade. When the opener rebid two no trumps. showing some 17 to 18 points. North. with his four-card support for South's first bid. had visions of a slam. However. instead of making a jump rebid. he said three diamonds. to allow more exchange of information. South said three hearts. North now jumped to five diamonds. and South went on to six.

West led the heart ten. won with dummy's ace. and declarer paused to assess the position. He had 11 tricks for the taking. but there were two seemingly inescapable losers. the club ace. and the spade king.

Then he remembered ***Morton's Fork***. If East held the club ace. the contract could be made. After drawing trumps in two rounds with ace and king. South led the club three from the table. and East was trapped. If he played his ace. he would set up two tricks in the suit for the declarer. so he ducked. The king won. and now East was impaled on the other prong of the fork. South cashed dummy's heart queen. crossed to hand via the spade ace. and discarded dummy's two clubs on the king and knave of hearts. Then the club seven was ruffed for the 12th trick.

If East takes his club ace. dummy's queen will later give a home to the losing spade.

The second hand illustrates a defensive coup—the **Uppercut:**

N
♠ J 9
♥ 8 6 4
♦ A K Q 10 8
♣ A Q J

W
♠ A K 10 4 3 2
♥ A 10 2
♦ J 3
♣ 6 5

E
♠ 8 7 5
♥ 9 3
♦ 9 6 5 2
♣ 8 7 4 3

S
♠ Q 6
♥ K Q J 7 5
♦ 7 4
♣ K 10 9 2

With East-West vulnerable. North dealt and bid one diamond. South replied with one heart. and West came in with one spade. North said two diamonds. South rebid two hearts. and went four hearts after a single raise from his partner.

West led the spade ace. and East. with his Yarborough. became the man of the match. He saw there was no defensive trick to be had in the minor suits. If West made two spade tricks. the only hope of defeating the contract was by scoring two trump tricks. If West's trumps were as good as ace. ten and another. his ten could be promoted by the uppercut.

East started a false peter in spades by playing the eight and following with the seven on his partner's king. Obediently. West led a third spade. the declarer ruffed in dummy and discarded a club from hand—a useless ruff discard—while East followed suit.

The declarer led a trump to the king and ace. West. alive to the situation. led another spade, and East ruffed with his nine of hearts. The declarer had to overruff with his knave. West's ten was promoted. and defeated the contract.

E. P. C. Cotter

Gardening

Presents for the steely-hearted

I STILL have a stainless steel spade which was given to my wife as a wedding present more than 50 years ago. It always was a small spade and it has now worn down so much that it is no longer much use for digging but it is still a lovely little spade for planting.

In the intervening years I have bought many other stainless steel spades though none, I fancy, quite so light and well balanced as that early gift. but my judgment may be influenced by sentiment. What I am quite certain about is that all have been preferred to ordinary steel spades.

Why this difference? Because the stainless steel blade needs only a wipe with a rag after use and is then always shining and smooth when one comes to use it again. It is the smoothness which really matters for it is this that allows the blade to slip into the soil so much more easily than one that is pocked by wear and rust. It is like the difference between a new and a used razor blade.

It is the same with stainless steel trowels. I keep two in the shed in case one gets mislaid but even so I am occasionally reduced to working with an ordinary steel trowel. I hate every minute of it.

I mention these facts in case you are seeking a gift for a *gardening friend* which is guaranteed to give pleasure. Even if there is already a similar tool to hand, a second as a standby is sure to be welcome. Manufacturers of stainless steel spades do not always give them such robust shafts and sockets as those they use for comparable spades made of ordinary steel. Maybe they think that anyone sufficiently well off to buy a stainless steel spade is unlikely to use it with vigour. They are wrong. That original wedding gift spade has run through three or four new shafts during its long life and that should not really have been necessary.

This trouble I find even more acute with trowels which are often so weak at the neck that they bend immediately one tries to lever up a well-rooted plant or dig a hole in hard soil. The worst trowels are flat where they they enter the handle, the best are circular in section and *solid. I would also avoid long* handled trowels. They are much more tiring to use and even more likely to bend.

Another gift for gardeners that is always welcome is a pair of secateurs. Like trowels these are small and easily mislaid. One lays them down among plants and then rediscovers them days later. And some secateurs are better for one kind of work than another. I have a little pocket pruner by Wilkinson, identified as 200160, which really does slip into my pocket without the least inconvenience. It is ideal for the casual pruning. It lies comfortably in the hand, has a neat locking device that ensures if stays closed in the pocket and a round tip to the blade which reduces risk of torn clothes.

But when I go out specially to prune the secateur I take with me is the Felco No 2. It is made in Switzerland and can be quite difficult to buy. When I needed an extra one I tried several shops before I found one that even knew about it. When I showed astonishment the reply was "Well, of course, these are the professional's secateurs." But why should amateurs fare worse than professionals? If you should have similar difficulties Barralets of Ealing, Pittshanger Lane, W5 always have the Felco range in stock.

Maybe it is the very ordinary appearance of the Felco that makes so many shopkeepers overlook it. Certainly the model 2 has none of the sales appeal of, say, the Wilkinson Sabre or Sword secateurs which are very handsome well finished tools. But Felco has got the curve of the blade in model 2 and its approach to the female blade just right whereas the Wilkinson blades are not quite sufficiently curved and their angle of approach is a shade too acute.

It makes all the difference to the amount of energy required to make a cut. Oddly Felco made the same mistake when they designed the more expensive model 7 with rolling handle. The handle is very comfortable but the blade curve and cutting angle are similar to those of the Wilkinson secateurs and do not give such a smooth easy cut as the No 2.

Arthur Hellyer

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FT music critics pick their favourites from the records currently available

Max Loppert: opera

THE MOST recent version of that already much-recorded work, *Così fan tutte* (L'Oiseau-Lyre Florilegium 414 316-1, 3 records, also CD and cassette), is a Mozart performance with a particular slant. Made with forces of the Swedish court theatre at Drottningholm, and conducted by the leading Swedish "authenticist," Arnold Ostman, it attempts to define *perspectives* on the opera quite different from the "big-house" views provided in such famous *Così* recordings as those by Karajan, Böhm, or Davis.

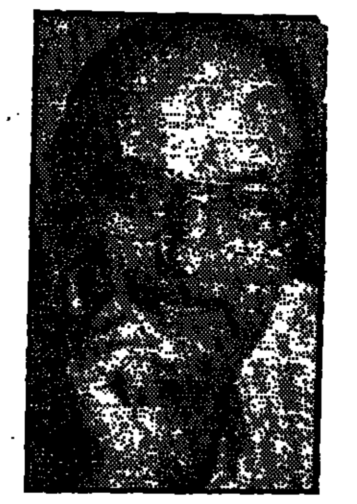
The orchestral contribution is its most refreshing aspect—light, and "aerated" by ideal woodwind forwardness. Balance with the voices is properly intimate; appoggiaturas are plentiful; the *divertimento* features of this most mysteriously many-sided masterpiece are naturally caught.

This much is admirable; but quite a lot of good is then undone by rigidity — Ostman, as in his recent Kent *Barber*, appears to mistake hustling, vocally and verbally strait-jacketing tempos for stylistic rectitude — and a curious mixture of cast. The veteran Tom Krause and young Gösta Winbergh give their familiar international readings, loose at the edges; only Alicia Nafé (Dorabella) and Carlos Feller (Alfonso) make much of the words, and only Rachel Yakar (Fiordiligi) affords some glimpse — despite fallible intonation — of the plausibly 18th-century manner of address expected all round. Not a "first-choice" *Così*, but a worthwhile supplement to others.

The flood of Verdi releases continues. Glamorous new sets of *Rigoletto* (Philips 412 592-1, three records, also cassette and CD) conducted by Sinopoli and *Un ballo in maschera* (Decca 410 210-1, three records, also cassette and CD) conducted by Solti have both made a splash. The first has Renato Bruson's subtly inflected, carefully controlled jester, warm singing by Neil Shicoff, and cool fluting by Edita Gruberova to please various parties; the second commands about the strongest modern-day casting imaginable (Pavarotti near his best, Margaret Price, Bruson, Kathleen Battle, Christa Ludwig a surprisingly successful witch).

But in each case, the celebrated conductor imposes his stamp on the opera—Sinopoli by his self-conscious fidgeting with tempos and details, Solti in his extremes of brusque force and invertebrate slowness. Neither set unfolds a long line; neither, despite the gloss, sounds like a real Verdi performance.

As an antidote to both, I strongly recommend the Hungaroton *I lombardi* conducted by Lamberto Gardelli (his second recording of the work—SLPD 12498-500, three records, also CD). For all its easily-instanced weaknesses this is one of the most inspired and exhilarating pieces of early Verdi; but its appeal can readily be coarsened by an over-excitable conductor. In being the opposite, Gardelli once again proclaims himself graduate of an authentic (even if currently unfashionable) Verdi school. His singers—Sylvia Sass, Giorgio Lamberti, Kolos Kováts—are not the world's most distin-



Renató Bruson

Neil Shicoff

guished, but they lack nothing in commitment.

The Hungarian state record company has this year been responsible for some of the most valuable additions to the recorded operatic repertory. Respighi's *La fiamma* (Hungaroton SLPD 12591/3 three records) is one of them.

La fiamma, an exotic brew of sorcery, illicit lust, and religious fanaticism in 7th-century Ravenna, is an uneven work, weakened by big ceremonial scenes in which Respighi does little more than pile grandiose choral sounds. But at the core of the work — the steamy secret passion of the heroine Silvana — is to be found an extraordinary mingling of late-Romantic ecstasy and limpid neo-Baroque lyricism (the debt to Monteverdi is particularly obvious, and eloquently repaid). Gardelli, again, conducts Hungarian forces with broad mastery; and as Silvana, Ilona Tokody, in darkly lustrous and colourful voice, shows once again that hers is one of the most remarkable operatic talents to have emerged in recent times.

An even rare Hungaroton contribution to knowledge and enjoyment is made by the publication of the first Hungarian national opera — Erkel's *Hunyadi László* (SLPD 12581-83, 3 records, also CD). This is not its first recording, but it is the first on an authentic text, and it reveals not just an *Historically Important Monument* — though it is undoubtedly that — but an opera full of charm, vitality, and melodic individuality, in which 19th-century Italian and French operatic formulas are reworked to a fresh new purpose. People who take pleasure in Glinka's *Life for the Tsar* should not hesitate to explore its Hungarian equivalent, especially as the performance — conducted by János Kovács, led by Dénes Gulyás and Sylvia Sass — is so spirited.

Late in life Karl Böhm, matchless Strauss conductor, recorded most of the important operas (some of them for a filled in the studio before his death was a second Böhm studio version of *Die Frau ohne Schatten*; this has now been filled by the 1977 performance recorded "live" from the Vienna State Opera House and now issued as a "late homage" to the conductor (DG 415 472-1, three records, also cassette and CD). Leading senior Straussians—Birgit Nilsson (Dyer's Wife), Leonie Rysanek (Empress), James King (Emperor), Walter Berry (Barak)—make this perhaps the most desirable *Frau* on record. At first, it has to be said, senior status is in each case betrayed by unsteady tone (Rysanek's opening scene is particularly uncomfortable). Then, the performance takes wing and their voices with it.

My opinion of this work goes up and down like a yo-yo. I admire its extraordinary brilliance of scoring, never more resourceful than when the depths of chilled nightmare are sounded; but, even in so wise, justly paced, and perfectly comprehended an account as Böhm's, I soon tire of the sheer copiousness of Strauss's response to Hofmannsthal's fabulous symbolism — it is such a *massive* fairy-tale! In the pivotal role of the Nurse, Ruth Hesse shows stamina and wide compass but little of the needed malign glamour; and fully paid-up Straussians will no doubt lament the usual large cuts that Böhm makes, particularly in Act 3. All in all, though, a noble testament.

Arts covering: Page XIII

Andrew Clements: symphonies

IT IS SOME measure of the worldwide success of compact discs in the past year that now thet record companies are making their most specialist releases immediately available in all formats. The four symphonies of Franz Berwald (1796-1868) have never stayed for long in the record catalogue, but they fit handily on to two CDs and appear in a new set from Deutsche Grammophon (415 502-2), in impressive accounts by the Gothenburg Symphony Orchestra conducted by Neeme Järvi.

Berwald remains the most distinguished composer produced by Sweden, but his recognition was delayed until the 20th century. His language is basically that of Schumann and Mendelssohn, but it has a classical simplicity and spaciousness that has since come to be regarded as essentially Scandinavian. The *Sinfonie singulière* (1845) is commonly regarded as his masterpiece, and it comes over as an imposing score here. Järvi's speeds are consistently on the fast side, giving the music a lightness of texture that shows the Gothenburg orchestra to be a very accomplished band indeed. None of the symphonies is a dud: the *Sinfonie sérieuse* (1842), the only one to be performed during the composer's lifetime, emerges as a work of considerable power. Altogether it is a set full of unexpected rewards.

This is traditionally the season for big, comprehensive issues of symphonies. None this year is quite as valuable as the Berwald, but the four Schumann symphonies from the Concertgebouw Orchestra under Bernard Haitink (Philips 416 126-2, two CDs) promise to be among the most satisfying of all available versions. Haitink's Schumann, strong on rhythmic control and with a far-sighted impulsion, may not be to everyone's taste; some may prefer more sweetness and dalliance. But the symphonic arguments emerge tauter and more persuasive than I have heard before; there is not a moment when one doubts the effectiveness of Schumann's orchestral writing. The playing is typically inspiring; my only regret is that there is no room in the set for the austere view of the *Manfred Overture* which was originally coupled with the Third Symphony when that appeared on LP.

While there is plenty of competition among sets of Schumann symphonies, Claudio Abbado's Mendelssohn cycle (DG 415 353-2, four CDs) is more of a rarity. It is also more uneven, both in the quality of the music — not for nothing are the Third and Fourth Symphonies better known than the

Simon Rattle

other three — and in the performances. The playing of the London Symphony is certainly neat and adequate; it would be harder to call is consistently inspired. While persistence would probably turn up performances of greater character elsewhere for the better known works, it is good to have Abbado lavishing his usual care and enthusiasm upon both the First — written when the composer was 15 and patently if adroitly derivative — and the Second, better known as the *Hymn of Praise*. The soloists in the latter are Elizabeth Connell, Karita Mattilla and Hans-Peter Blochwitz, with the London Symphony Chorus, all of whom turn in fine accounts of music that is sometimes a bit threadbare in inspiration.

The last three symphonies of Dvořák from Neville Marriner and the Minnesota Orchestra (Philips 412 542-2, two CDs) are of much less interest and stature. It might be a time when unfashionable orchestras such as the Birmingham and Gothenburg are entering the top flight, but on this evidence the Minnesota still has some way to go to reach that level. In the concert hall one would be happy enough with all three performances; for repeated listening on disc they are short on tension and intrinsic interest. The Eighth is the most acceptable, for it is most suited to Marriner's low-voltage conducting, the drama of the Seventh the most seriously undervalued.

Recording quality on recent orchestral CDs seems so truthful that it requires comment only if it departs from that norm. But too much resonance spoils Riccardo Chailly's attractive coupling of Stravinsky's *Symphony of Psalms* with *Fireworks*, *Le roi des étoiles* and *Le chant de rossignol* (Decca 414 078-2). The orchestra and chorus of the Berlin Radio generate some spectacular noises, but a church acoustic blurs the lines and the text of the *Symphony*, and blend the colours of the orchestral pieces. Why Decca favours such a sound for Stravinsky (it did the same for Chailly's *Rake's Progress*) I cannot understand.

Briefer welcomes only for three important transfers to compact disc. Three of Haydn's London Symphonies (Nos 93, 94 and 96) make up an excellent sample of Colin Davis's undervalued survey of late Haydn (Philips 412 871-2) with the Concertgebouw blissfully eloquent once again. Von Karajan's accounts of Schoenberg's *Verklärte Nacht* and Variations for Orchestra first appeared as part of a larger box. As a single disc (DG 415 326-2) and digitally remastered it is a most impressive achievement, especially for those who like a big-band treatment of Schoenberg's string sextet.

The appearance of Haitink's radical reappraisal of Elgar's Second Symphony with the Philharmonia (EMI CDC 7 47299 2) not only brings an Elgar symphony at last into the CD lists, but also underlines how EMI has lagged behind its competitors in embracing the new medium. One hopes now that Elgar 2 will be swiftly followed by the First Symphony, for both are surely the finest versions since the composer's own.

In a perfect world three more EMI releases would have been made available immediately on CD. Haitink and the London Philharmonic seem to be embarking upon the Vaughan Williams symphonies, and begin with the hardest to bring off, the *Sinfonia Antartica* (EL 27 0318 1), which emerges bruisingly monumental and about as far from the world of film music that spawned it as one could imagine.

With the City of Birmingham Orchestra Simon Rattle has already begun a Sibelius cycle, but the First Symphony (EL 27 0309 1, coupled with *The Oceanides*) is the most successful so far, a tumultuous, fierce view of the score which seems to play down its Chaikovskyan influences in favour of a much more elemental expressiveness. Rattle's Nielsen 4 was one of the highlights of the 1984 Proms, and that too has now appeared, again with the CBSO (EL 27 0260 1). The rivalry in this symphony is intense, particularly from Von Karajan, but Rattle includes a bewitching version of the tone poem *Pan and Syrinx* as a fill-up. If anyone thinks that is insufficient compensation for having the Birmingham instead of the Berlin orchestra they should think again: in both recordings the CBSO really plays like a great orchestra.

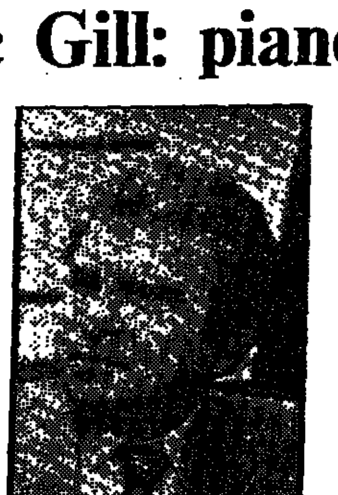
Dominic Gill: piano music

Of the many dozens of excellent records of piano music in the shop this Christmas, a golden handful claim special attention. There will be many "tributes" to Emil Gilels, who died earlier this year, but no memorial could be more fitting than his Hammerklavier sonata (Deutsche Grammophon 410 527-1). Beethoven's Hammerklavier shows Gilels at the pinnacle of his maturity: a performance of astonishing power and authority, and of the most pungent original character, which by one of those extraordinary paradoxes of the greatest musical re-creation is at the same time self-effacing, and seems to have dispensed entirely with the intermediate filter of "interpretation." It is the composer's meaning, without gloss or redundant colouring, which has been preserved.

His account of the adagio *sostenuto* slow movement, the heart and still centre of the Hammerklavier, and one of the greatest creations in all music, is a miracle of lyrical distillation. There is no attempt to fudge, nor above all to prettify, any issue. The tempo is the slowest sustainable (the movement lasts just 20 minutes) without labouring the pulse; but it is plain that any faster speed would have clouded such a radiant unfolding, and dimmed its ardour. The introduction to the finale rises out of the adagio like a mist: the basic stuff, pale and mysterious, from which the hard metal of the fugue is eventually and magically forged.

The reading is by and large scrupulously attentive to Beethoven's text. The few interpretative surprises — some unusual emphases, one or two reverse dynamics, a pronounced ritardando in the coda of the scherzo — are neither eccentric nor wilful, but liberties perfectly consistent with the performer's broad and lyrical view. DG's digital recording is exceptionally warm and clear. There is no division of movements between the sides: the last two movements, nearly 34 minutes of music, appear together on the second side without perceptible loss of sound-quality or a trace of pre-echo — itself a remarkable technical achievement.

If I confidently nominate Gilels's Hammerklavier as one of the finest records in the shops this season, I nominate likewise, without hesitation, Martha Argerich's record of Schumann's *Kinderszenen* op.15 and *Kreisleriana* op.16 (DG 410 653-1). Her recital makes most recent Schumann recordings — I specifically except Charles Rosen's remarkable three-disc set mentioned below—seem precious, pedestrian. She is a Schumann pianist par excellence, from the heart to the



Emil Gilels

fingertips; the technical command is faultless; the textural command is ravishing.

Her *Kreisleriana* in particular is one of the most stirring that I know on record. Every page is alive with vivid fantasy: the manner is authentically impulsive and mercurial, but without a moment's blurring; the focus is exhileratingly close and unerringly clear. The line dividing greatness from excellence is never easy to define: but it *is* easy to be convinced that Argerich crosses it here.

Argerich's two-disc Chopin album (413 235-1), which in- the sonatas nos. 3 and 4, spans almost the whole of her remarkable career: from the B minor sonata, recorded in 1967 when she was 26 (one of her first records for DG) and her magnificent E minor concerto recorded the following year with the LSO under Abbado, to the B flat minor sonata of 1975 and the F minor concerto with the Washington NSO under Rostropovich of 1980.

Each of the performances overflows with invention and energy. The E minor concerto with Abbado has long been one cludes both piano concertos and of my favourites: Abbado at his most lyrically expansive follows Argerich's fiercely independent array of tempos

Schumann wrote all of his greatest piano music in the six years between 1833 and 1839, before he was 30 years old. He turned next to song, and between 1840 and 1841 composed virtually all of his Lieder that we still hear today. In 1842, within the space of a few months, he wrote his three string quartets and the piano quartet and quintet, never returning to those media again. It might almost be said that Schumann burned himself out in one genre after another: but during those brief years nonetheless, in the fields of piano music and song writing, he effected a revolution quite out of proportion to the actual size of the oeuvre.

That revolution in piano style, by the most personal, the most eccentric and in some ways the most individual of Romantic composers," the American pianist Charles Rosen sought to illustrate in his three-disc album (Etcetera ETC 3001) by choosing the six works which seem to embody it most clearly: the rarely performed but seminal and revealing *Impromptus on a theme of Clara Wieck*; the *Davidsbündlertänze*; *Carnaval*; the F sharp minor sonata; *Kreisleriana*; and *Poems for the Piano* in C major op 17 (later retitled *Fantasie*).

Rosen's album is probably among the finest of all the recordings he has made; and it contains, at any rate, some of the most exciting Schumann performances to be realsed on disc for many years. Rosen reinforces his theme by choosing to play the original versions of the works wherever possible—persuading us that, without the composer's later and often inexplicable conventionalising revisions, the music is often more characteristic and remarkable, and more powerfully original. The performances are commanding: srtong, clear, scrupulously attentive to the detail of the scores but never pedantic, as adventurous in spirit as the music itself. The quality of the digital recording is superb. The Dutch Etcetera label is stocked by most large record shops.

David Murray: songs

For years now, song recitals on record have offered programmes in a few standard forms. Promising *débutants* are allowed to present thoroughly mixed bags, with as many different composers and periods on one LP as a full-evening recital might include; at the other end of the profession, so are very distinguished and popular singers (though they risk being marketed under a banner like "Your Favourite Songs by . . ." or "Lollipops"). Anybody in between feels constrained to display serious intent by offering one-composer records, or just two, or in one very particular genre—even if he or she wouldn't risk harping on such a string for so long on a live recital.

For many reasons, song-records that refuse to fit into those slots are welcome. Only a few song-composers have had the range to justify one-man programmes (except for aficionados, who aren't commercially numerous enough), and only a few singers can make their best impressions within a single idiom. The elusive secret is how to devise more varied record-size programmes that make enough sense in their own terms to reward repeated hearing: symphonies fill LPs as if by natural right, but songs are *short*. Two recent records offer specially ingenious solutions and they are evidence that seasoned accompanists, not singers, may be the best problem-solvers.

The Hyperion recital (A66165) called *The Sea* gives us songs (including two duets) by 14 composers plus Anon, aranged according to the ways that the sea figures in them — and by cunning contrasts — by Roger Vignoles, who accompanies Sarah Walker and Thomas Allen. They make a generous, satisfying programme: familiar test-pieces (two of Haydn's English songs, a Schubert, a Berlioz, some Fauré), party-pieces for the mezzo (Walton) and for the baritone (Ireland's "Sea Fever"), fresh rediscoveries (Schumann, Ives, and the Mendelssohn and Brahms duets), a complete, elevated Fauré mini-cycle (*L'Horizon chimérique*, scrupulously and modestly delivered by Allen) and the Anon jollities. It works; sometimes the singers' prowess is to the fore, sometimes the song-discoveries, but your attention is continuously rewarded.

Another Hyperion collection is all-Poulenc (A66147), called *Voyage à Paris* after its first song, an unabashed Valentine to Paris. It is devised by the accompanist Graham Johnson—whose stylishly brilliant playing ornaments the whole sequence —with a view to presenting Poulenc's song-range as roundly as possible. That works too, encompassing well-placed examples of Poulenc from his cabaret-style through some of his best short sets to his inspired Eluard cycle, *Tel jour telle nuit*.

For many music-lovers it will be a revelation, and its offers many delights. The principal singer is Felicity Lott, whose melting soprano is a pleasure even in the occasional song where her imperfect accent (the French "u" escapes her) or her insufficiently front-of-the-mouth diction (as in the patter-songs) is non-vintage.

Two other collections will appeal most to collectors keen on their composers, though both offer cultivated singing. The tenor Ian Partridge's reissued Purcell record (ASV ALH 963, also on cassette) includes sensitive performances—with George Malcolm on harpsichord—of superb but temperate songs; where Purcell is more rumbustious, lustful or raptly devotional, Partridge's cut-glass manner is a bit cool. Anne-Marie Rodde's recital of early Debussy (accompanied by the excellent Noël Lee on Etcetera ETC 1026) offers first recordings of seven songs—indispensable for Debussy enthusiasts—and plain, well-mannered, rather white-voiced accounts of others, including the first book of *Fêtes galantes*.

Edita Gruberova's CBS recital (IM 42002) is something else. With Friedrich Haider, an intelligent and brittly self-conscious pianist, she too sings early Debussy (the "4 Chansons de jeunesse") as well as some timelessly innocent Mozart and 10 of Hugo Wolf's lightest and most appealing *Mörike-Lieder*. Though she is full-voiced in the modern style for Mozart and Debussy — compare Mady Mesplé's bright, pretty Debussy in the "complete songs" EMI album! — she scores resounding successes; she fathoms what the songs are about with alarming accuracy. In Wolf's Mörike songs she is more variable — tenderly penetrating with some, too professionally detached with others. The gleaming expertise of her singing is everywhere striking, a pleasure in itself.

Richard Fairman: choral music

THE HANDEL and Bach tricentenary year has not brought many riches on record. Old recordings have been repackaged and issued in special series as part of the celebrations, but of new major recordings there have been disappointingly few.

Handel especially is owed many firsts. A lot of his music including a number of the operas, has never been recorded, but this year one important omission, at least, has been rectified. This is the world premiere recording of the oratorio *Esther* (L'Oiseau Lyre 414 423 1 2 records, also cassettes and CD). Known as the first English oratorio, this piece is of far more than historical interest, even if its mix of old borrowings and new music never makes up an entirely cohesive whole.

The new music is invariably the most novel. A delightful soprano aria, "Praise the Lord," introduces a harp accompaniment—one of a number of examples where Handel experiments with new sounds from his orchestra—and the chorus "Ye sons of Israel mourn" looks forward to the tragic choruses of later years. Much of the music on the way is appealing and the work lacks only the stronger, more dramatic structures that Handel was to build into his greatest oratorios.

The Academy of Ancient Music has recorded the original 1718 version. (Extra music came and went over the next 40 years.) As always, Christopher Hogwood brings the piece to life with much poise and vitality, and he is supported by some first-rate solo singing, especially in the tender partnership of Patrizia Kwella and Anthony Rolfe Johnson. But the Westminster Cathedral Boys Choir pecks at the big choral finale and could do with some good old hearty Victorian spirit.

There is no lack of that in Colin Davis's new *Messiah* (Philips 412 538 1 3 records, also cassettes and CD). This is, basically, old-fashioned Handel, with large forces from Bavarian Radio and three Wagnerians among the soloists. (Margaret Price translates gloriously to Handel, Hanna Schwarz less so.) But Davis also grafts on to the performance some authentic touches. If the result sometimes leads everybody into a stylistic no man's land—"Rejoice greatly" gets double-dotted rhythms and orchestral thrills, while "He shall feed his flock" is given full-blown romantic strings—the records are still exciting, dramatic and vividly alive.

By contrast, the traditional way of performing *Bach* holds fewer attractions. Two new recordings of the *B minor Mass* use original instruments and prove how much Bach's contrapuntal writing gains in clarity when the number of performers is reduced. Andrew Parrott and the Taverner Consort (EMI EX 27 0239 3 2 records, also cassettes) have essentially only one voice to a part; John Eliot Gardiner and his Monteverdi Choir (DG Archiv 415 514 1 2 records, also cassettes and CD) use just a small group of singers.

Of the two, Parrott is the more rigid. He does keep a small ripieno band of singers in reserve for some of the larger choruses, but the range of dynamics and textures has been consciously limited throughout. The pleasure of hearing Emma Kirkby taking the top line of "Et incarnatus" as a solo also has to be weighed up against the poor tuning of some of the other voices, notably the boy altos. Tempi are brisk and unsentimental. The records, overall offer a chastening feeling of restraint.

Where Parrott is devotional, Eliot Gardiner is public and exuberant. He sets out to give each part of the mass its own character and the dramatic tensions of a concert hall performance are at work here in a way that they are not with Parrott. The "Osanna," replete with flamboyant trumpets and drums, is more joyous and "Et incarnatus" is conventionally mystic.

On a less than festive note two requiems deserve a mention. A new recording of the *Fauré Requiem* from Michel Plasson (EMI EL 27 0168 1, also cassette) proves to be grand and portentous and less than ideal in its choice of soloists. But the more adventurous might be happy to try the *Requiem of Frank Martin* (Jecklin 190), a work cast in an equally simple and undemonstrative mould, less memorable in melody but rising to a beautiful, spiritual "In paradisum." This is its first recording, made at a live performance in 1973.

Mary Postgate on BBC sound archives

Voices of a nation at war

THE SECOND WORLD WAR —Original Recordings from the BBC Sound Archives, September 1939-August 1945.

MUCH HAS been written lately about the Second World War and much has been read and heard and watched; but with these remembered voices, in more than 120 excerpts from BBC wartime broadcasts, we travel in a time machine. Hitler is in Danzig; we hear his voice ("*I am aware of the greatness of this hour . . .*") against the terrible sound of the "Sieg Heil, Seig Heil. Seig Heil." Two days later, Chamberlain in London declares that "this country is at war with Germany," and it is hard to say which voice is the more chilling.

Now, the cataclysm is on us. The lights have gone out. Children stream from the cities to the strangeness of farms and villages; Princess Elizabeth, at 14, broadcasts a message to them. In France, Richard Dimbleby watches an Irish regiment move towards the front in the rain. Churchill, as First Lord of the Admiralty, announces the scuttling of the Graf Spee in December 1939 and, five months later, makes the first of his tremendous speeches as Prime Minister: "One bond unites us all, to wage war until victory is won."

The weary and silent troops of the British Expeditionary Force come home from Dunkirk, and days later the Battle of Britain is fought in the skies over Kent and Sussex. Then, the bombs begin to rain down on Coventry and London: Robin Duff (who experienced and reported on 57 consecutive nights of the blitz) sees the City burn and St Paul's "untouched in the very centre of all this destruction." The Provost of Coventry Cathedral describes how he tried to save his own much-loved church from the incendiary bombs. A year later, Robert Dougall, with a convoy in the Atlantic, almost yells with excitement as German bombers attack unsuccessfully; over Berlin, the crew of a Lancaster bomber get on with their work.

We are part of the German invasion of Russia in June 1941 Pearl Harbour six months later, and the fall of Singapore. We hear General Montgomery explaining his plan of battle to the Eighth Army in his clipped and confident voice; Godfrey Talbot watching the British tanks move into action, and then the guns opening the thunderous barrage at El Alamein; Bruce Belfrage reading "some excellent news," and the bells of Tobruk ringing for victory and sounding far away and strange to us at home. The German casualties, we told, have been exceptionally heavy.

Backed by the violence of the guns, these known and trusted voices (though some reporters died in action) continue to tell the world what is happening: Wynford Vaughan-Thomas at Anzio; Duff with the US forces on board ship in mid-Channel on D-Day, "wondering, waiting and listening;" Chester Wilmot in Normandy watching Allied gliders coming in to land through the German flak; Robert Reid in Paris at the liberation; Ed Morrow counting the paratroops out as they jump into Holland; Stanley Maxted grieving for the soldiers as the tragic betrayal at Arnhem is played out; Vaughan-Thomas again, crossing the swirling Rhine with the 15th Scottish Division at the end of March 1945; and, in April, Dimbleby describing what met his eyes at Belsen.

Then, a newsflash by Stuart Hibberd: "Hitler is dead;" and Thomas Cadett watches General Jodl sign the unconditional surrender. Howard Marshall is with the crowds outside Buckingham Palace on VE Day. The Prime Minister tells us, "We may allow ourselves a brief period of rejoicing."

Meanwhile, the hateful war in the East continues; but on August 6 Frank Phillips broadcasts the news that "the atomic bomb . . . equal to 20,000 tons of high explosive" has been dropped on Hiroshima. Group Captain Leonard Cheshire sees a second one dropped on Nagasaki three days later, leaving a cloud like "some horrible form of life;" and that war ends.

War reports make up the greater part of this album. They were recordel in appalling conditions and often in great danger, and it is astonishing how clear an impression each one gave and what eloquence these young men found. This is an impressive and deeply moving compilation, and I defy anyone who can remember the war to listen to it without weeping. Those who do not remember can hear it now as it really was.

Mark Jones, the BBC Sound Archives librarian, produced, with Alison Johnston and William Grierson: John Harrison was the executive producer, and Frank Gillard, who appears as one of the reporters, has written a first rate sleeve note. The recording is available from BBC Enterprises Ltd, The Langham, Portland Place, London W1A 1AA, as a two-record album (REQ 571) or a cassette (ZCQ571).

• D I V E R S I O N S •

Lucia van der Post

HOW TO SPEND IT

When style comes first

Hugh Routledge

ANYBODY who has ever stayed or had a meal at Blake's, that beautifully idiosyncratic hotel in London's Roland Gardens, will know exactly what I mean when I say that Anouska Weinberg, whose creation it is, is a lady of some style. Her taste is behind every single detail—from the way the food is arranged upon a plate, to the dark, mysterious walls of the hall and dining-room, the comfort of the bedrooms, and the authentic antiques that fill the rooms. There isn't another hotel like it in the world.

Anouska Weinberg, it is immediately apparent, has decided ideas of how things should look and sees no reason to keep *them to herself*. Having brought them to life first in her own ravishing house, then in Blake's which opened some 15 years ago—and always in the way she dresses herself, she is now to make the things she *loves available to those who* share her taste.

At 2 Pond Place, London SW3 (just behind Meridiana restaurant in the Fulham Road) she has established a workshop where she has gathered many *of the craftsmen who have been* making things for her for years. There are people who will gild, paint, upholster, carve, and stitch, turning out romantic copies of Venetian four-posters, sumptuous Biedermeier sofas, *great Regency footbaths* (which Anouska fills with bunches of dried lavender), tablecloths, huge Indian rice-bowls and, above all, clothes.

Not clothes as you and I probably know them—these will be clothes in the great romantic tradition. It will be a mixture of couture and ready-to-wear in stock sizes. Only the finest materials, silks and pure crêpe-de-chines, will be used. There will be great attention to detail and fine hand-stitching with silk threads.

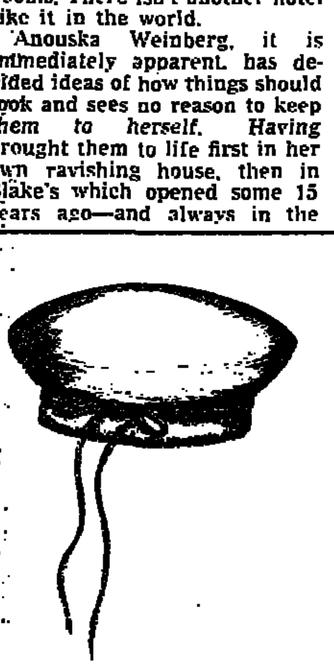
There will be ball-dresses and elegant day-dresses. Many are of great simplicity but, made of exquisite materials, look the proverbial million dollars. As Anouska puts it, "put on a simple silk dress in a flattering low-waisted style, match it with silk shoes and you're in business. You don't need anything else."

Then there will be lots of what Anouska calls "nonsenses." Hats ("Everywhere else people wear hats for lunch—New York, Paris, Rome—but not here. I thought it was time they did") shoes, shoe boxes and shoe trees with lavender inside, silk ruffled gauntlet gloves, silk umbrellas. There will be slips of plain silk ("no lace, no tartiness") and every single thing will have been overseen by Anouska herself so that a consistent level of taste and finish will prevail.

Prices, you will have gathered, will not be low. Silk umbrellas will be about £200 a time, evening dresses will range from £700 to £1,000, crêpe-de-chine dresses from £400 to £500.

For those who can afford it shopping will be fun. Madame will be able to sit on a fine Biedermeier sofa (which she will also be able to order if she falls in love with it), sip champagne and order everything from a dress to go to a wedding *to a four-poster or a lamp-shade.*

For the moment you may visit the workshop at 2 Pond Place by appointment only. Telephone 01-589 4191.



Drawings by Nicola Wingate Saul

TOP: Anouska Weinberg is photographed on a Biedermeier sofa in her workshop. The walls are lined in navy silk, while behind her are Regency footbaths filled with bunches of dried lavender. She wears one of her own black Barathea wool suits with silk satin revers and a matching cardinal hat (trimmed with one of her "nonsenses," a pleated black silk bow).

Sketched left is a velvet shoe with satin ribbon trim. Shoes are about £100 a pair. Sketched far left, is a hat in Russian sailor mood made from felt with a grosgrain brim and ribbon (£58). All to order from 2 Pond Place, London, SW3.

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THE LONDON LIBRARY

Due to a misunderstanding between The London Library and ourselves we are sorry to have to tell our country readers that the price quoted last week for country membership was wrong. They, too, will have to pay the £70 per year that Londoners are charged but for this sum they are allowed to borrow 15 books at a time.

Be certain that what

ONE reason most of us make such a mountain of the business of present-giving, I'm convinced, is that we put ourselves under some undue obligation to be original. I find I'm always searching for some unimaginably different and unique solution. If I just think about it hard enough, I tell myself, I'm bound to be struck, like St Paul on the road to Damascus, with a veritable honey of an idea.

Of course, if I look back at the presents that have given me most pleasure over the years it is not their originality that is their claim to glory, but their timing—the £100 sent out of the blue by my mother-in-law years ago when I was at my poorest and shabbiest and she judged (quite rightly) that my wardrobe needed a bit of a lift; the basketful of goodies that arrive when one is too tired and busy to cook; the huge bunch of flowers when one is feeling low; the Victor Pasmore lithograph, ready-framed, given to us by my father as we moved into a new house; the automatic coffee-maker that arrived just as the old one finally gave up.

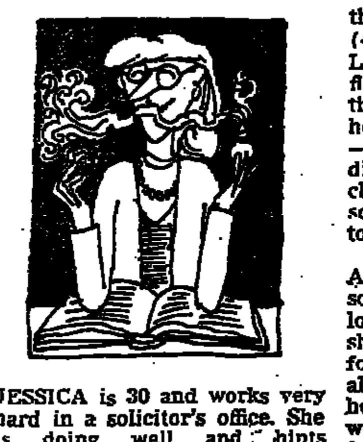
So Christmas, in my view, is more of a time for certainties. Just as the child looks forward to his Christmas stocking on the morning so the do-it-yourself expert likes to be sure he really will be getting the new drill he's been dropping hints about all year, the foodie can't wait to get to the foie gras and the bookworm really does want to read the latest literary discovery.

As for men, should Christmas morning fail to bring its allotted quota of socks and ties and hankies they might, good heavens, have to go out and buy them for themselves.

What transforms these potentially mundane garments into presents to treasure is the care with which they are chosen. One chain-store sock seems like just another but a beautifully-coloured Missoni version is a work of art, or a pure silk and cashmere pair from Liberty has been known to bring forth rhapsodies of thanks. The same is true of almost everything—ready-packaged boxes of ties and scarves, hats and gloves all seem to reek of desperation but a pair of gauntlet gloves, this season's whimsy, or a silk tie with a designer name are presents that speak of affection.

In the end it isn't how much or how little you spend that matters but rather that whatever you buy, be it a pair of tights, a box of handkerchiefs or a single bar of soap, it should be the very best of its kind.

But time is running short. If your present list is still longer than a French loaf, and your ideas are running thin then this week's How To Spend It chooses some presents that may match some of the cast of characters on your own list.



JESSICA is 30 and works very hard in a solicitor's office. She is doing well and hints have come her way that a partnership may be in the offing. It would certainly transform her finances. There is no special man in her life at the *moment but she has a large* circle of friends and has already established an independent life of her own.

Once upon a time she was quite happy to share an uncomfortable flat with girlfriends but she has grown out of that sort of thing by now and has taken the big step and bought a flat of her own. This means she is very short of money.

What she would like most of all are things to make her flat seem more welcoming or else some of the luxuries that she used to buy so easily and that now seem a thing of the past.

She would love a great big beautiful bottle of her favourite scent (right now she's rather taken with First by Van Cleef & Arpels) and some very frivolous tights of the sort that she couldn't bring herself to pay for right now.

She would love almost anything from Graham and Green (4 and 7, Elgin Crescent, London W11) to cheer up her flat. She has been coveting the woven "throws" in soft, heathery colours from Ireland —at £37 a time they would disguise almost anything, including her lumpy secondhand sofa which she cannot afford to have recovered.

She would love one of their Art Nouveau photograph frames so she could make the room look more like home. Since she has been working so hard for that partnership she finds all the sitting about has made her figure rather lumpy (legal work, like writing, is very fattening) so a membership of a gym would be the present she would most like to have. These come rather expensive—from £300 in London—but even a voucher for a few limbering-up sessions would be welcome.

She would like some pictures to liven up the rather blank-looking walls and thinks that the gentle water-colours by Barbara Dorf from the Maas Gallery (15a Clifford St, New Bond St, London W1) would be just her taste. With prices starting at £85 she hasn't given up hope that a parent or godparent might be feeling generous this year.

With the mortgage taking up a giant slice of her monthly salary, visits to the theatre, opera or ballet have become a thing of the past. She does get the odd invitation but nonetheless tickets for the theatre, or even better, for the opera would be rapturously received.

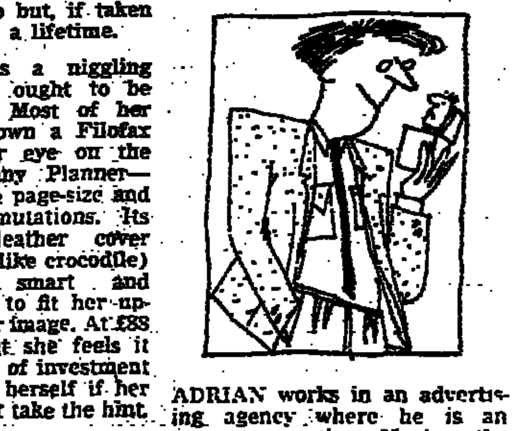
She has been eyeing the cashmere wraps at N. Peal of Burlington Arcade for some time and anybody feeling generous this Christmas could give her a lot of pleasure by giving her one in a basic colour like red, cream or black. At £325 they aren't cheap but, if taken care of, they last a lifetime.

She often has a niggling feeling that she ought to be more organised. Most of her friends already own a Filofax but she has her eye on the Mulberry Company Planner—she likes its large page-size and its endless permutations. Its claret-coloured leather cover (stamped to look like crocodile) is sufficiently smart and sufficiently sober to fit her up-and-coming lawyer image. At £88 it isn't cheap but she feels it might be the sort of investment she should make herself if her godmother doesn't take the hint.

Since she bouht her flat she has taken up cooking (so much cheaper than eating out and, anyway, she likes to feed her friends). She believes in buying only the best so give her the biggest copper saucepan you can afford. If that is very little buy her the small one at £18.15 from Divertimenti (68 Marylebone Lane, London W1 or 139 Fulham Rd, London SW3) or lash out on a large beauty at £110.80.

She has become very health-conscious and so is longing to try the new Vapeur which makes steaming fish and vegetables so very easy—at £69.95 it, too, could be the investment of a lifetime.

She is quite an adventurous cook so she would probably love A Table in Tuscany by Leslie Forbes (published by Webb & Bower, £9.95). It is quite the most beautiful looking cookery book published this year. Rather in the manner of Sara Midda's gardening books, it seems to be sheer visual delight from start to finish. Some of the recipes are also rather good.



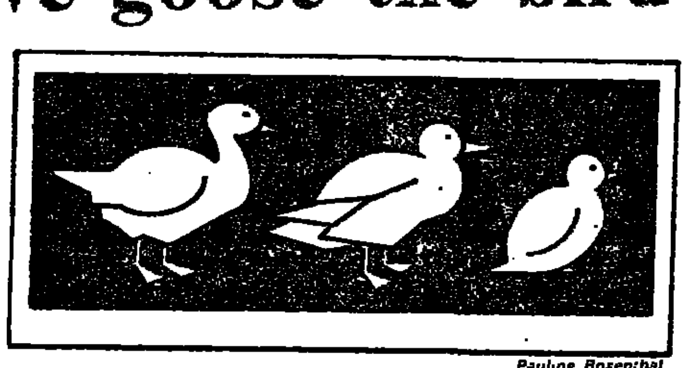
ADRIAN works in an advertising agency where he is an account executive. Much to the distress of his father, who would so much have preferred something more, well, respectable like accountancy or the Bar, he is doing unaccountably well. He is rather a snappy dresser and under the influence of the creative boys he is heavily into "design."

First stopping-off place might be a visit to Authentics of 42, Shelton St, Covent Garden, London, WC2. George Jensen is a big name in design circles and you could choose a George Jensen orange peeler so beautiful it is like a piece of modern sculpture (Adrian loves tactile objects). £8.20 is not much to pay for a design classic, after all. Or for £5.95 there is a G. J. money-clip to keep his notes in order. If he is getting a stocking then there is a chic collapsible bottle-opener, perfect for all the travelling he has to do, for just £1.95.

Black is the colour of the year and there is plenty of it about. Emporia specialising in

Cookery

Don't give goose the bird



Pauline Rosenthal

TURKEY has been on my Christmas menu for several years but, speaking both as cook and as consumer, I now feel I have had my fill of it for a while. What are the alternatives? I thought about serving a vast roast rib of beef but finally decided to save beef for New Year celebrations. Christmas somehow calls for a bird.

The childhood memory of a Christmas goose as tough as old boots and swimming in grease being indelibly imprinted on my tastebuds, I have quietly but firmly avoided cooking or eating this bird for years. Recently I decided I must try to overcome prejudice and give goose a second chance.

I embarked on test cooking a whole gaggle of geese and was delighted to discover how utterly delicious goose can be: beautifully flavoured, succulent and rich, "like superior duck," to quote another convert who shared the test tastings with me.

To those who have never tasted goose, I recommend it. To those who have had bad experiences in the past, I urge you to try it again. Apart from buying a good quality bird, the secret for success is, I think, to cosset goose because although it is a naturally fatty bird, there is a curious tendency for the breast meat to dry out. It is also very important not to overcook goose or the flavour will be spoiled and the flesh will toughen.

Help to keep the breast meat succulent with a stuffing. Potato and onion liberally spiced with cinnamon is good. I also recommend a simple fruit mixture such as a couple of peeled and quartered Cox's plus a generous fistful of soaked and stuffed prunes. Replace the prune stones with blanched almonds, soak the fruit overnight in 2 parts port to 1 part cold tea, and save the soaking liquor to use in the gravy.

The skin of goose, like that of duck, is best lightly rubbed with salt and pricked all over with a fork. Angle the fork carefully to avoid piercing deep into the flesh or you will encourage precious meat juices as well as fat to run out of the bird during cooking.

Place the bird breast down on a rack and roast it for 30 mins at 425 F (220 C) gas mark 7, then continue roasting at 350 F (180 C) gas mark 4. Allow up to 15 mins per pound. The larger the bird the less time it will need per pound: I found that geese weighing 14 lb after stuffing took just about 3 hours to cook.

From time to time pour off the fat that collects in the tin — save it for frying. Turn the goose breast up for the last hour of roasting, basting and dredging it with a little well seasoned flour to encourage the skin to colour and crisp nicely. Increase oven temperature for the last few minutes if necessary to brown the skin.

Carve goose into very thin slices and serve it on piping hot plates. Braised chicory is my favourite vegetable accompaniment. Celery and red cabbage are other popular choices.

Buttons of Norfolk, the poultry producers who succeeded in changing my opinion of goose, are introducing a new duck product this Christmas: a free range, second-feather duck. These birds are bred to 14 weeks instead of the usual seven so the meat is more mature (by which I mean richer in flavour, not tougher) and they weigh in at up to 9 lb, which is wonderful news for the carver. Truly delicious *and genuinely meaty enough* to serve six generously, this newcomer should prove very popular for dinner parties as well as for small families. Sainsbury is the only stockist so far and supplies are not yet plentiful. The birds are frozen and sold as Sainsbury's own label duck (the word duckling being reserved for smaller, younger birds).

Plain roasting in the classic English fashion is an obvious way to cook these duck, but also the best way I think. For a bird weighing about 9lb I found 20-25 mins cooking time per pound produced the ideal succulent and well cooked results: as always I started and finished the duck under the grill to dry and crisp its skin.

Plain accompaniments seem to me much wiser than fancy ones: a few game chips, plenty of crisp watercress and perhaps a salad of very thinly sliced fresh pineapple, or a dish of peeled and stoned lychees, instead of the ubiquitous oranges. Alternatively, omit the fruit as such and serve a fruity sauce instead. Damson sauce is excellent. So too is the Sauce Cassis given in Jane Grigson's Observer Guide to European Cookery (published by Michael Joseph).

Another new bird, and perhaps the most chic choice this Christmas, is squab. This is a breed of young pigeon, not unlike *pigeon de Bresse*, which is now farmed and sold by Marasand of Norfolk. A far cry from tough and dry wild wood pigeon, these plump and tender young birds are juicy and delicate in flavour.

Squab are not cheap, supplies are fairly limited and demand is tremendous, with smart restaurateurs snapping them up. You may find fresh squab on sale at Harrods or at Baileys of Mount Street in London, or you could shop for them from the comfort of your armchair.

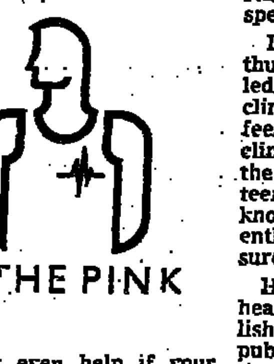
Mail orders (which work out cheaper per squab but which must be for a minimum of 10 birds) should be addressed to Marasand's London office: 102 Camley Street, London NW1 0PF. Prices, which include delivery to your door by Night Star, vary according to the size of bird ordered. Choose from what the producers call starter squab (average oven-ready weight 11 oz) at £3.40 each; or main course squab (13½ oz) at £3.60 each; or big appetite squab (16 oz) at £4.00 each.

Squab are very good simply smeared with well-seasoned butter and roasted at 425 F (220 C) gas mark 7 for about half an hour — a little more or less depending on size and on how pink or otherwise you like the meat to be.

Traditional Christmas trimmings such as roast chestnuts, grilled bacon rolls and steamed button brussels sprouts go well with roast squab. Also very good are dessert apples, peeled and cut into rings, fried in unsalted butter until tinged with *streaks of pale gold*, and dusted with a whisper of ground cinnamon and allspice.

Philippa Davenport

Adding insult to those sporting injuries



IN THE PINK

THE SPORTS Council's motto, "Sport for All" sounds fine. But some medical experts point out that it has an inevitable consequence — injuries for all. And unless the injury is severe, "Look after Yourself," the motto of the Health Education Council, may well be all the help available.

Dr Malcolm Bottomley, medical officer at Bath University, would like to see things arranged more positively. University people play more sport than any other group in society, principally because most are young and have access to good facilities. Surveys put Bath University's sporting population at 83 per cent of all people on the campus and a result, Dr Bottomley says, is a complete range of sporting injuries.

Recently he organised a conference of the British Student Health Association and filled a large lecture theatre with doctors and para-medics such as physiotherapists. The prognosis for sports injury policy in Britain emerged as extremely poor.

Is there such a thing as a sports injury? There are injuries suffered in the course of sporting activity but that is not the same thing, according to some doctors who resent sports people clogging up surgeries and casualty departments hoping for special treatment. These doctors see the injuries as self-inflicted.

Is an ankle sprained while darting through the rush hour traffic any different from one done while playing for the Blackheath Golden Oldies XV? Both require the same treatment. But what if the rugby player is fit and 40 and the accident victim a 40-a-day smoker with incipient coronary heart disease? Whose self-inflicted problems will cost more in the end?

Injuries like these are traumatic and acute. There is no question of their not being treated. But with another type of injury nothing is as clear cut. It usually arises from overuse of some part of the body.

The best-known are tennis elbow and runner's knee but almost any tendon, muscle or any other type of soft tissue can be affected. The injury creeps up, possibly unnoticed, but more likely as a long series of niggles that the sports player feels able to "carry." The discomfort seems insufficient to warrant interrupting training.

So there is a gradual growth of stress until the problem tips over the edge into an agonising inability to use the limb without pain. By this time it may be too late for full recovery without surgery.

The National Health Service is not geared to deal with the situation. Casualty departments are for sudden injuries like broken legs. Overuse injuries, referred to hard-pressed orthopaedic consultants, may take a year for treatment and it may not even help if your tennis elbow was caused by your job as a carpenter (the same bits of the arm get overused) —the NHS has proved equally deficient for all, as Dr Bottomley's conference was told.

One reason why policymakers are not particularly worried is that nearly all such injuries are medically trivial. To be injured is not to be ill. There is seldom danger to life, though there may be a lot of quite debilitating pain.

What is usually threatened is the quality of the sports player's life. It may become impossible to reap the benefits of exercise again paradoxically at a time when people are taking to active sport in millions, encouraged by those Sport for All and Look After Yourself campaigners.

These are publicly funded to help produce a healthier, happier nation. But when injuries occur, the NHS — more concerned with ill-health than health — is usually locked into a world of different objectives. The problem is reinforced by medical ignorance — most doctors are not trained in diagnosing soft-tissue and simply advise rest.

But rest may not always be the right answer. Some injuries need supervised physiotherapy or even osteopathy at different stages. It all requires specialised knowledge.

Dr Bottomley says the enthusiasts who acquire the knowledge often run sports injuries clinics privately, charging small fees to cover costs. A few clinics have been sponsored by the Sports Council. The volunteers who run them usually get knocked over in the rush and enthusiasm palls under the pressure.

He thinks that university health centres could help establish a national network for the public. Most could find the time and have spare capacity for some of the year. They are also used to treating sporting injuries.

In the field of prevention, knowledgeable doctors have a lot to contribute to sports players and coaches. As Dr Craig Sharp of Birmingham University told the Bath conference, most injuries develop either because of inadequate warm-up and stretching before hard exercise or through overuse.

Fitness, Dr Sharp said, is also very specific; exercise can only reach those parts of the body that are actually exercised. All-round exercise is needed for all-round benefit, therefore, something which the ubiquitous marathon runners sometimes forget.

Advice on how to spread the load safety around the body is crucial, Dr Bottomley says. A deeper knowledge of what one is doing — and why — is the key. Clinics will still be needed, he says, but they could be the focus for advice too.

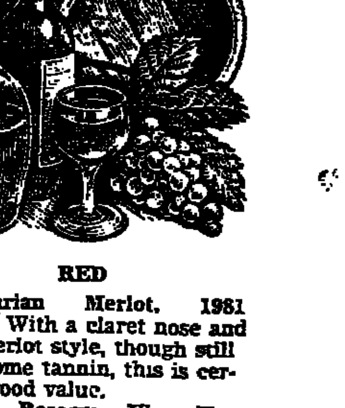
It seems a sensible approach. But the question the sporting taxpayer might ask is when we might see some public policy on this. Is it right to encourage people to fitness but to leave them to fend for themselves if they become injured? How many people are not exercising today as a result?

Many might well agree with Dr Bottomley that lack of advice, ignorance and having nowhere to go for help can only be wasteful both to individuals and the health services in the end.

Ian Hamilton Fazey

High street wines

Such a long way from Horsham



PETER DOMINIC, which started in Horsham in 1939 and remained for some time as a small, local chain of wine off-licenses, was acquired by IDV in the '60s, and now is one of the largest in the country. This year it has acquired three more firms, including Bottoms Up and Morans of Bristol.

Its complete list is large and at a recent tasting it showed 65 wines, of which about 30 were new. I tended to concentrate on these (although not exclusively and by no means only on the less expensive offerings).

WHITE

Bulgarian Pinot Chardonnay (£1.99). The Bulgarians have been the most adept in Eastern Europe at producing wines for Western palates. This has real Chardonnay character and is very good value.

Australian Rosemount Chardinnay (£4.95). From the well-known Upper Hunter River estate, this has lots of oak on the nose and palate and shows how good Australian wines can be now.

Chardonnay di Appiano 1983 (£3.05). This Alto Adige wine has Chardonnay character and good, firm flavour, perhaps a little sharp at the end but good value.

Crozes Hermitage Blanc, Cave des Clairmonts 1984 (£4.39). The improvement in recent years of white Rhônes is shown here: it has a fruity bouquet and full flavour as well as the weight to be expected in these wines.

Gewurztraminer, Tenuta Trattmanhof, 1983 (£3.35). Another Alto Adige wine, this lacks the impact of young Alsace gewurztraminers but has the authentic flavour and is light and easy to drink.

R de Rieussec, CB, 1982 (£5.95). Following the dry Ygrec of Yquem, this is the dry wine of the first-growth Sauternes bought last year by the Rothschilds of Lafite. The nose is semi-sweet and the taste fairly dry, but there is more colour than you would expect and more sulphur than you would like.

Riesling Reserve Personelle, Hugel, 1983 (£7.45). A very classy Alsace wine with lovely full nose and rich, fruity flavour. Its only fault is lack of age; it should be bought now at the fair price for the quality and put away for at least a year or two.

RED

Bulgarian Merlot, 1981 (£1.99). With a claret nose and soft Merlot style, though still with some tannin, this is certainly good value.

Rioja Reserva, Vina Herminia, 1975 (£3.89). With the clear, brown-tinged colour of a mature Rioja, and an oaky aroma and taste, this is a complete wine of its type and for drinking now.

Vengazzu, Enotria, 1981 (£3.99). One of the distinctive Italian vinos da tavola, denied DOC rank because it is made from Bordeaux - originated grapes, this Veneto wine has a full colour, real cabernet bouquet, claret style and plenty of body. A wine of class and excellent value.

Rully Rouge, Domaine de la Renarde, 1982 (£4.19). Light in colour, soft and ready to drink; this pinot noir wine from the Côte Chalonnaise has at least a suggestion of the flavour of the neighbouring, more exnensive, Côte d'Or reds.

Chianti Reserva, Ducale Ruffino, Ducale Ruffino, 1979 (£4.29). The brown tinge shows the age but the fine bouquet and well-balanced flavour is an excellent example of mature Chianti.

Ch. Musar, S. Hochar, 1978 (£5.09). This well-known Lebanon curiosity combines a claret style derived from the cabernet-sauvignon grape, and the big fruitiness of the syrah from the Rhône.

Châteauneuf-du-Pape, Dom de Cabrières, Arnaud, 1980 (£5.30). This mature Châteauneuf has very good colour, an aroma that comes out of the glass, and a big flavour without the coarseness often to be found in these wines.

Edmund Penning-Rowsell

London in the swing again

CITIES are getting a better press these days. *It was not* long ago that most of us would have run a mile to escape the muck and grime of the conurbations. Perhaps it was New York that started it, and incidentally spawned that ghastly rash of heart-shaped logos around the globe, but now from Glasgow to Munich, Chicago to Milano, cities are the places to be. All of them seem to be cleaning themselves up, dusting themselves down and putting on a cheerful face *to attract visitors.* The result has been a boom in city holidays, particularly in the so-caled off-season. Book now if you want to see Paris, Florence, Vienna or Moscow this winter.

London's own efforts in this field have been bedevilled in recent years by a childish but damaging dispute between the Visitor and Convention Bureau and the GLC, which has led to the ludicrous situation of the British capital being one of the few in the world where the official tourist board gets no local authority funding.

The LVCB has struggled on in spite of this and has now launched its latest effort, a promotional campaign under the "London's Capital" banner.

London's Capital is being sponsored by a number of companies for whom a further growth in tourism would be of commercial interest — Trusthouse Forte, Thistle Hotels, *Kennedy Brookes and Keith* Prowse among them. Among the aspirations of those backing the scheme is the hope that the London boroughs will do what the GLC has failed to do recently, join the communal game instead of going its own idiosyncratic way.

London's major marketing difficulty at the moment is its image for expense, and whether that image is a true one or not depends on your perspective. At the toppish end of the market I don't think there is any doubt that the British capital is pricy. Park Lane hotels and restaurants that aspire to Michelin rosettes seem to charge by what they see as global market levels.

Unfortunately this is the stuff that international comparisons are made of.

Descend to the real world of three and four star hotels, and the restaurants where the non-expense account locals eat then you will find standards remarkably high and prices relatively modest when compared with other capitals.

Ten years ago London was *at its weakest in the mid*-market range of restaurants; places where the whole family could eat well and feel comfortable. That is no longer true. The American influence has helped to produce a whole new range of pizza houses, rib-shops, health food bars and, of course, hamburger joints.

In my book winter is by far the best time to see the capital. There is more room at the inn (and thus better rates), the bucket and spade brigade, and the schoolchildren and students who invade London in the summer, are absent, and the chilly temperatures make culture hunting and window shopping a less sweaty experience.

Would Londoners themselves please turn elsewhere while we offer a few tips to our visitors?

Three walks: **Temple to Leicester Square**; through the Temple, past the law courts, through Covent Garden and New Row to end with lunch at what is still one of London's best wine bars, the Cork and Bottle (44 Cranbourn Street). **Green Park Station to Selfridges**; walking almost the length of Bond Street and cutting off down South Molton Street just before you reach the top, or boring, part. Cross Oxford Street and go through St Christopher's Place to the side entrance of Selfridges, a store that has improved rapidly in recent years. **Knightsbridge to Beauchamp Place**: Start at Harvey Nichols, a much more manageable and stylish store than Harrods, snatch a look at the top 100 yards of Sloane Street, thence along the Brompton Road, past, or through, Harrods, and on to that nest of boutiques and restaurants, Beauchamp Place. At the right time of day you might snatch a meal at that citadel of nouvelle cuisine, the Menage a *Trois.*

Three shows: **Pravda** in repertory at the National, **Two into One**, a very funny show indeed at the Shaftesbury, and, for really three dimensional entertainment, **Starlight Express** at the Apollo, Victoria.

Three avoidables: **Petticoat Lane** (Middlesex Street), **Carnaby Street** and **Piccadilly Circus** — until Eros returns. Camden market is a much nicer general market than Petticoat Lane and Covent Garden much more fashionable than Carnaby Street.

To market, to market: Covent Garden

Three restaurants: By general acclaim the best in town is the **Gavroche** in Mayfair. For goodish food among the media set and not too outrageous *prices,* **L'Escargot** in Greek Street. For kids (but licensed) **Joe Allen** in Exeter Street.

Three de luxe hotels: **The Dorchester**, the **Inn on the Park** and the **Stafford** fight for supremecy. The Hyde Park, the Capital (both for Harrods and Harvey Nichols) and the New Piccadilly for shopping convenience. The Basil Street, Durrants and the Ebury Court for reasonably priced comfort.

Three particular reasons to come this winter. The sales: Last summer was disastrous, so expect particular bargains as the stores make one last ditch effort to off-load summer wear. The Joshua Reynolds Exhibition opens at the Royal Academy in mid-January and continues to the end of March. Chinese New Year celebrations grow increasingly more frenetic and spectacular in London. The peak day next year is February 9.

Best three out-of-town day trips (without resorting to the roads): **Bath, Bristol and Windsor**, all of which are a delight in winter and are easily reached.

Essentials: Buy some sort of London Regional Transport season ticket. A one-day ticket covering the whole area on buses and underground costs £3. A similar three-day ticket costs £8.50, but you can save money if you only intend using the central areas and do not mind the slight hassle of getting a photocard, then you buy what the locals use, a proper season ticket. For a week (zones 1 and 2, which should be ample, it costs £5.50).

Further information: the London Visitor and Convention Bureau, 26 Grosvenor Gardens, Victoria, *London SW1W 0DU.* Trusthouse Forte London Breaks, 24-30 New Street, Aylesbury, Bucks HP20 2NW. Stardust Holidays, 210 New Kings Road, London SW6 4NZ. Capital Breaks, Freepost London SW7 2BR. Golden Rail Holidays, PO Box 12, York YO1 1YX. Superbreak Mini-Holidays, 305 Gray's Inn Road, London WC1 WDX. Your travel agent should have further details and most London hotels have special winter packages.

Arthur Sandles

The other face of goodwill

WHAT DO you do if the bonnet of your car flies up while you are driving at 70-75 mph in the overtaking lane of the M4 during the rush hour? Presumably your level best to keep the car in a straight line and pray that no one runs into the back of it while you are slowing down.

Mr Bill Simpson, of Wickham Bishops, Witham, Essex, was lucky when his vision was instantly blotted out by an unlatched bonnet. He kept his head and managed to bring his seven-day-old Montego estate car to a standstill without ramming another car or being run into. But it was a terrifying incident for him and his passenger.

The car was severely damaged by the impact of the bonnet on the area of the windscreen, with repair costs estimated at over £2,000. To its credit, BL's Austin-Rover Group replaced the car (it was a fleet vehicle belonging to Mr Simpson's employers) and paid for the cost of a hire car but wrote that this was "a goodwill gesture and not an admission of *liability.*"

When Mr Simpson sought modest financial recompense for having to cancel a holiday he was due to go on immediately after the incident, ARG was less than sympathetic.

In a letter to Mr Simpson's legal adviser six weeks afterwards, its service executive, Mr G. S. Leaman wrote: "As with any unexpected or emergency (sic) during motoring a degree of surprise is I feel unavoidable. However I find it difficult to reconcile the apparent need for medical assistance and cancellation of a holiday directly with the bonnet of the car coming open."

He did not feel ARG had a responsibility to compensate Mr Simpson.

Meanwhile, two things had happened. ARG's engineers carried out wind tunnel tests on another Montego aimed at reproducing the M4 incident and took the damaged bonnet latches from Mr Simpson's car back to their workshop for examination. And Mr Simpson had started a campaign through the Consumers' Association to institute a recall of Montegos like his own for a check of the bonnet catch.

Six months after the incident, ARG did just that.

It told owners of certain Montego and Maestro models assembled between January 1984 and June 1985 to take their car into dealers for remedial action. The Montegos were to have modified bonnet secondary catches fitted; the catches on the Maestros were to be checked and repositioned if *necessary.*

Mr Simpson told me: "Austin Rover knew soon after the M4 incident what the problem was. What I would like to know is why it took them six months to organise a recall—and how many avoidable accidents took place during that time."

Through his legal adviser, Mr Simpson continued to press for satisfaction but got nowhere with ARG. Service executive Mr R. S. Outram wrote to him in late October that ARG "do not believe that you have shown the bonnet recall matter to be related to your client's accident" and were not agreeable to reconsidering the case.

Mr Simpson's solicitor replied that he *found* this contention "quite incredible." His client had, he said, suffered an extremely distressing and potentially dangerous accident as a result of the bonnet of his car coming open for no apparent reason while travelling at speed on a motorway. The bonnet release mechanism was in his view obviously the cause of the accident and he could not accept that the Montego recall and the accident were unrelated.

To which service executive Mr R. S. Outram replied that he was afraid the attempt to relate Mr Simpson's accident with the recall was "purely speculative." "Clearly, if there is no apparent reason why the bonnet came open as you say, there is nothing wrong with the mechanism hence no evidence that we are responsible," he wrote.

Frustrated and disgruntled, Mr Simpson told me this week: "I have had no kind of apology from Austin-Rover. It is not a question of money—the amount is quite small—but it is their failure to admit to any kind of blame for a dangerous and distressing incident that offends me.

"I am not trying to be vindictive. My reason for urging a recall was concern for the safety of other people who might have been involved in accidents like mine. Austin-Rover seems to me to have been brushing the matter under the carpet. I accept that it could have happened to any other car maker, but I wonder if their attitudes would have been the same."

Mr Simpson says he is concerned by the woeful inadequacy of the product liability laws in this country.

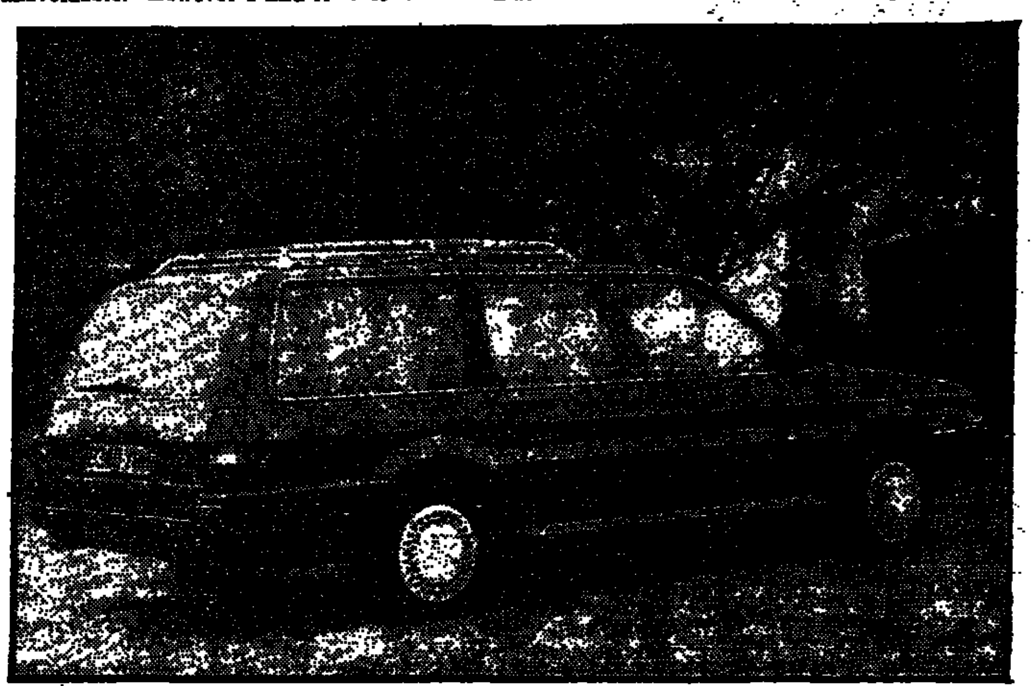
"To any layman motorist it is surely obvious that a company which produces a vehicle with a dangerous fault leading to an accident should be liable for the consequences of that fault—but the layman would be wrong."

More than 100,000 vehicles of all makes were the subject of recalls for various reasons in the first six *months of 1985.* Only a tiny proportion needs any work to be done on the car. Normally, an inspection to make sure that a component has been installed properly is insufficient. But occasionally, a recall is for a fault that might have developed after several years of service and which might lead to a serious incident.

In most cases—and unlike Mr Simpson's *frightening* incident on the M4—faults leading to recalls are spotted by the manufacturer concerned during routine servicing of the car. They are put right before anyone has been endangered

But have any readers of this column been involved in incidents like Mr Simpson's which have made it necessary for a manufacturer to institute a recall? He—and I—would be glad to hear from them.

Stuart Marshall



THE AUSTIN Montego estate — the 1.6 HL is pictured — is a roomy, good looking car. Currently, it is the third best-selling estate in Britain, after Ford's Escort and Sierra.

A Vanden Plas EFi version I had recently, with a 2-litre fuel-injected engine, was relaxed on the motorway (80 mph at 3,000 rpm), easy to drive smoothly in traffic and had unlimited headroom, front and back.

I rated it a worthy alternative to the big French and German estates that have dominated the market in recent years.

CHESS

JAN TIMMAN of the Netherlands, the only non-Russian left in the new individual world title series, this week advanced a step further towards his goal of a championship match with Gary Kasparov. Timman, who tied with Mikhail Tal (world champion 1960-61) for the final qualifying place from last month's Montpelier candidates, scored 3-3 against his rival in their six-game playoff. Under the rules, Timman was adjudged the winner because of a superior tie-break score in the original tournament.

Timman now meets Artur Yusupov of the USSR in a match next month, while the other Soviet qualifiers Sokolov and Vaganian are paired together. The eventual survivor will play the loser of the Karpov - Kasparov "revenge match" scheduled to begin in February. As the last Western hope in this complex imbroglio, Timman is receiving strong backing from Holland where chess enjoys the status of a "denksport" — mental sport.

On Monday FIDE officials will open the sealed bids for the Karpov-Kasparov return. Contenders may include the unsuccessful bidders for the 1985 match London and Marseilles as well as new organisers from Spain, Malaysia, Yugoslavia and Turkey. FIDE rules state that no federation may organise two successive matches, so that Moscow should be ruled out. But few would be surprised if FIDE's unpredictable president Florencio Campomanes used his authority to override that principle if he believed that the USSR had the most attractive offer.

Karpov, who said earlier that he only wanted a revenge match in June 1986 or later, changed his mind last week and formally confirmed that he is willing to meet Kasparov again on FIDE's scheduled dates of February 10 to April 21 1986. Kasparov has been complaining that there are far too many K v K games (72 so far, 95 after a revenge match, and 120 if they meet again in the final of the 1985-86 world series)

In a recent Moscow radio interview, Kasparov announced his future plans only as the match with Timman, then participation in a likely USA v USSR match in New York on 22-25 January. He was pointedly silent about another series with Karpov. But whether he will carry his objections so far as a potential title loss by default remains doubtful.

The decisive game from the Tal v Timman match:

White: J. Timman (Netherlands). Black: M. Tal (USSR).

Queen's Gambit Accepted (2nd match game 1985).

1 P-Q4, P-Q4; 2 P-QB4, PxP; 3 P-K4.

Traditional theory in the Queen's Gambit Accepted is 3 N-KB3 to stop Black's freeing P-K4, but in recent years grandmasters have shown increased interest in the offbeat alternatives 3 N-QB3, 3 P-K3 and 3 P-K4.

3...P-K4.

With the point that if 4 PxP; QxQ ch; 5 KxQ, N-QB3; 6 P-B4, B-N5 ch followed by o-o-o when Black's lead in development puts White's vulnerable king under pressure.

4 N-KB3, PxP.

An immediate B-N5 ch may be more precise, since if then 5 QN-Q2? P-B6 while 5 B-Q2, BxB ch is a favourable exchange for Black.

5 BxP, B-N5 ch; 6 QN-Q2, N-QB3; 7 o-o, Q-B3; 8 P-K5, Q-N3; 9 N-R4, Q-N5; 10 N(2)-B3, B-K3.

Black's many queen moves look artificial, but up to here this is published theory. Batsford Chess Openings now gives 11 BxB, PxB; 12 Q-N3 as favourable for White; Tal surely had an improvement prepared for Black, but Timman strikes first.

11 P-KR3, Q-K5; 12 B-Q3, Q-Q4; 13 N-N5, B-K2; 14 B-K4, Q-Q2; 15 NxB, QxN; 16 BxN ch, PxB.

The exchanges have weakened Black's pawn structure, while the K5 pawn hinders Tal's K-side development. White continues by *tactical* threats, *denying the* defence time to consolidate.

17 QxP, R-Q1; 18 Q-R4, B-B4; 19 Q-B2! R-Q4; 20 P-QN4, B-Q5; 21 N-B5! BxP.

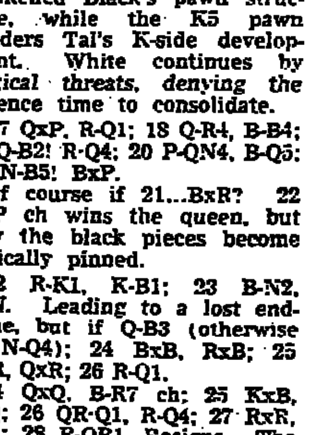
Of course if 21...BxR? 22 NxP ch wins the queen, but now the black pieces become critically pinned.

22 R-K1, K-B1; 23 B-N2, QxN. Leading to a lost endgame, but if Q-B3 (otherwise 24 N-Q4); 24 BxB, RxB; 25 RxR, QxR; 26 R-Q1.

24 QxQ, B-R7 ch; 25 KxB, RxQ; 26 QR-Q1, R-Q4; 27 RxR, PxR; 28 R-QB1, Resigns. The QEP falls and White has a simple technical win.

PROBLEM No 596

BLACK (3 men)



WHITE (4 men)

White mates in three moves, against any defence (by J. Fritz). As usual, the black pawn is advancing down the board, from the top of the page. Earlier solvers commented on this miniature problem's difficulty, which results from an improbable-looking second move in a main line.

Solution Page XIII

Leonard Barden

you give is what they'll really want

Lucia van der Post

HOW TO SPEND IT

the sleek, matt black look are Paul Smith of 43-44, Floral St. London, WC2. Oggetti of 100. Jermyn St. London, SW1; and 133, Fulham Rd. London, SW3, and Joseph pour la Maison, 16. Sloane St. London. SW1.

All three are filled with the *most immaculately* chosen objects. You could choose a Heuer diving watch from Oggetti, or, if you think he has been indulged enough in his odd fancy for black, you could buy him a stout canvas and leather Gladstone bag from Paul Smith—jollied up with a *hunting scene at £115 it makes* the sleekest of weekend bags.

Artemide at 19. Neal St. London, WC2, is another source of fine, design-conscious presents and everybody, but everybody, agrees that Richard Sapper's Tizio lamp is about the best there is. At £135 it is not cheap but it has already been around for years and looks like being one of those classic designs that will run and run.

Adrian has an open mind and likes some of the more off-beat ideas around so you could pay a visit to Practical Styling at 16. St Giles High St. London. WC2 — here you could choose a lit-up plastic poodle (well, it makes a change from those lit-up geese), a post-modernist column to support his pot-plant or a really fine plastic lupin.

Kettle's Yard in Cambridge is one of the nicest art galleries *I know. Full of space and* light, calm and rich with *visual pleasures, Jim Ede's* book "Kettle's Yard—a Way of Life" (published by Lund Humphries, £20) reflects its tranquillity beautifully.

Choosing clothes for people like Adrian is fraught with difficulties—he is so very particular—but you could try some of *Facconable's marvellous socks.* They come in gorgeous colours and cost just *£6.50 a pair*, and if he really does not like them, well, they do not show too much. Facconable also makes some very jolly boxer shorts—quite unlike the dull chain-store versions—and at £18 a pair they double as chic swim-wear in the summer.

Adrian would also like some *ski-goggles* from Porsche (£38) for when he goes skiing in Meribel and if you are going to give him anything smelly it must be the very best—a fine potion from G. F. Trumper, Floris or Penhaligons would do very nicely, thank you.

Pens, too, are something people like Adrian take very seriously. He would not like anything flashy from a designer name—either give him a real old classic like a Mont Blanc (in fact, you could hardly do better than that) but if you *really want to be adventurous* then a fine matt black fountain *pen from* Porsche at £145 would probably go down very well.

When it comes to those personal things like shaving brushes he is either very traditionalist and likes something very old and classic or else he would like the very sleek *new metal (yes, it is black)* set that packs very small from Authentics. *Not cheap* (but then what can you expect from such an advanced design) at £44.95 for the brush, £33.95 for the razor and £31.95 for the toothbrush, it is clearly *the* shaving-set of the year.

Adrian is very fussy about his gadgets—they must look sleek and slim, they must work and, if possible, they shoud pack easily for all the travelling he has to do. So you could give him a fold-up pocket knife at £3.50 or an amazing Tekno torch which fits onto a key-ring and will work under-water should he ever feel the need to take it swimming. £23.50. Also from Authentics.

SOPHIE *is just 20 and already* she is beginning to make a *little bit of a name for herself* cooking director's lunches. It is very hard work and sometimes she wishes she had done better at her A-levels and was still a student like some of the rest of her friends.

She has little time or money left-over for Fripperies and what she would like most of all are some of those small things that make such a difference to a girl who likes to cut a bit of a dash.

Fancy tights are one of this year's luxuries—a visit to any branch of The Sock Shop could buy a fistful of tights or socks to pad out the Christmas stocking. Dim do a range of ultra-fashionable tights and Charnos has some *marvellous gold* and black tights that carry just the sort of punch that Sophie likes (she is not, you will have gathered, the shy and retiring *sort*). You could get her a fake fur coat from Next—in purple *with black spots she wouldn't* easily be over-looked, £49.99.

Handbags are not what they were and Sophie wouldn't have been seen in the King's Road with anything that much resembled a conventional handbag—give her a "gold" rucksack from Harvey Nichols (£12.50) or a red, black, white and grey carpet bag from *Whistles. 1 Thayer Street*, London W1. £48.

Whistles is exactly the sort of shop that Sophie loves but she can seldom afford the prices —so if you can run to it buy her some accessories there. Look for the gold gloves (at £26.50 one of this season's fads) or look at the marvellous leather belts.

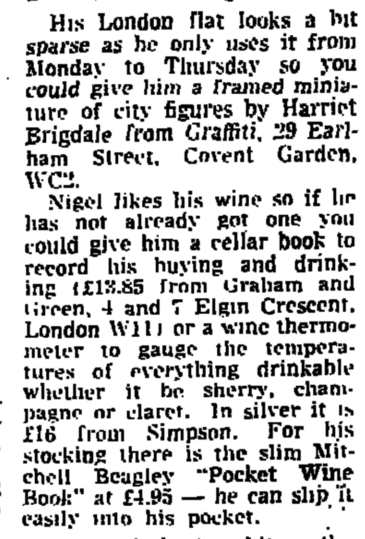
Swatch Watches are high-fashion and not too expensive — they come in a marvellous range of colours and with a variety of faces. Sophie would particularly like the version with green fluorescent hands at £22.95.

Sophie loves jewellery — the bigger and more fake the better — so anything *from Butler and* Wilson, 189, Fulham Rd, London SW3 or Rocks (2, South Molton St. London W1) would go down a treat. If you are not near either of these shops most department stores now *carry a fine selection* of big, bold and daring costume jewellery *that she would probably* love to have. Remember, the less it looks like the real thing, the better she will like it.

Sophie feels lost without a little music so you could give her the new waterproof Sony Walkman or, if she already has a Walkman, she would love the *credit-card sized radio* by Casio. At just £19.95 it seems the most *universally desired of products* this Christmas.

Sophie also *loves all things* old — she would love a really authentic purse, or handsome perfume phial from Mansfield, 30-35, Drury Lane, London, WC2. She also likes the line-for-line reproduction radios sold by Last Detail Interiors of 341, King's Rd. London SW3 — at £79.95 they look exactly like the earliest radios produced but they are all guaranteed to work.

Sophie would also like anything from The Lock Shop — she loves the sheep that doubles as a stool (£95, it has a removable woolly coat that washes). *The wooden Penguin bookends* at £15.50 would help keep her paperbacks in order and *she* has long wanted one of The Lock Shop's lambswool designer sweaters — at £37.20 each you could choose from rhinos, apples, teddy-bears or bows. The Lock Shop is open *every day of the week from now* until Christmas and it is to be found at Camden Lock Place, Camden Lock, Chalk Farm Rd, London NW1.



NIGEL IS fiftyish and a partner *in a leading firm of stock*-brokers. These past few boom years have been good for him personally and he is beginning to show the signs of rather too much high living. He has a small flat in town and at weekends speeds off to his house in the home counties.

Life, on the whole, seems pretty good to him — the only flaws on the horizon are that young Jeremy does not look as if he is going to cope very well with his A-levels and that he is definitely beginning to feel a little out of condition. Too many city lunches mean that he could probably do with a subscription to a gym or, probably a better idea, given how pushed he is for time, his own keep-fit bicycle. A new one to look at is the Pandora Electric Cycle—all British-made it gives some added battery power at the flick of a handlebar if Nigel feels as if he is overdoing it. As he gets fitter he uses the battery power less and less and sticks to his own pedal-power. *£387.55 from Natural Power* Systems, 40 Sanderstead Road, *South Croydon, Surrey.* (Tel. 01-688 5572).

Nigel is inclined to be a little pompous so you might jolly him up with a *tape of pre-recorded* answering machine messages — instead of his own rather solemn voice on the tape he can switch on Michael Caine, Prince Charles, Bamber Gascoigne or Mrs Thatcher sound-alikes. Call Keepers is just £9.95 from most branches of Boots.

He is also inclined to be a bit forgetful so you could put the Keyfinder keyring in his stocking — all he has to do is *whistle for his keys and*, provided they are no further away than 10 metres, it bleeps back. £7.95 from Selfridges.

His London flat looks a bit *sparse* as he only uses it from Monday to Thursday so you *could give him a framed miniature* of city figures by Harriet Brigdale *from Graffiti*, 29 Earlham Street, Covent Garden, WC2.

Nigel likes his wine so if he has not already got one you could give him a cellar book to record his buying and drinking (£13.85 from Graham and Green, 4 and 7 Elgin Crescent, London W11) or a wine thermometer to gauge the temperatures of everything drinkable whether it be sherry, champagne or claret. In silver it is £16 from Simpson. For his stocking there is the slim Mitchell Beagley "Pocket Wine Book" at £4.95 — he can slip it easily into his pocket.

His wardrobe is a bit on the dull side so you could liven it *up with something different but* not too unsettling from *Mr Fish's new shop* at 52 *Pimlico* Road, London SW1 8LP — *there are beautiful Viyella* dressing-gowns (so much warmer for his draughty country house than the silk versions) in a wide variety of patterns (£150) or a two-patterned cotton voile shirt (£70). If his supply of socks is running short *you could give him some black* cashmere socks from The White House, 51-52 New Bond Street, London W1 (£14).

He travels a lot so he would love the exquisitely designed and made currency wallet by Porsche — at £225 it is made from finest calfskin and has four different compartments for four different currencies.

He has also been eyeing the Krupps compact Mini-Espresso *and Capuccino coffee-maker at* £39.99 — it makes 0.4 litres, *just right for his usually solitary* breakfasts in London.

Nigel would love anything from Czech and Speake — he has got specially fond of its Peppermint shaving soap over the years, he loves its elegant, restrained packaging. He would like to try the new Frankincense and Myrrh range. See the whole range at Czech and Speake, 39C Jermyn Street, London, W1.

1—Warm as toast Viyella dressing-gown in red and grey, faced and *piped*. £160 *(small size) from Mr* Fish

2—Impeccably neat and compact stationery kit. Case just 3" by 4½" holds stapler scissors, 39" tape *measure, cutter, glue, sellotape,* 4" ruler. £17.95 from Authentics

3—Sleekly beautiful chromed steel and brass pencil with a graphite point. 4½" long £11.95 from Authentics.

4—Decorative silver-plate mirror. £29.95 from *Graham and Green* (p & p £2.00).

5—Chic shaving set, mainly black but with red, yellow and green trim. £34.95 the razor, £44.95 the brush, £31.95 *the toothbrush Authentics.*

6—Antique crocodile case holding four coloured glass perfume bottles with silver tops 5" by 5½". £275 from Mansfield

7—*Cigar case in leather stamped like* crocodile. Black or cognac, £23.50 by Mulberry.

8—Pack-flat, strong pocket-knife, beautifully made. £3.50, from Authentics

9—Stereo headphones to be attached *to almost any personal stereo sys*-tem Guaranteed not to 'leak.' By Yamaha, £34.50 from most good hi-fi departments.

10—Red, black and grey (or blue, black and *red) carpet* bag. 14" by 21". £48. from Whistles branches

11—Torch on a key-ring. 3" long—3r lithium battery lasts for 10 years. By Takna, £23.50 from Authentics.

12—Wooden Penguin book-ends, £15.50 from The Lock Shop.

13—*Decorative* Italian pottery bowl large enough for salads or pasta. £12.35, Graham and Green.

14—Antique crocodile belt purse. Brown with silver trim. 4" by 5". £110 *from Mansfield.*

Drawings: Frank Wheeler and Anne Morrow

Old Books

King of the Lakes

WILLIAM WORDSWORTH did not invent the Lake District, *but he knew a good idea when* he saw one. He was in at the start of a boom which began when he was a boy and which has continued unabated since. The 18th century Grand Tour had taken a few rich Englishmen to shudder at the Swiss Alps on their way from France to Italy: enthusiasm for our own home-produced horrid scenery began in the last quarter.

Wales and later Scotland shared in the new romantic movement, but Cumbria retained an unbeatable lead. Between John Brown's *Description of the Lake at Keswick* of 1770 and the en dof the century there was a huge outpouring of picturesque travelogues and practical guide books. The correct sensation on observing mountains in those days was a frisson of mild terror. William Gilpin suggested in 1786 what was needed at Dunmail Raise was a distant sighting of colourful mountain bandits. Unfortunately they kept to the towns and most of them were employed in the tourist industries.

In the early days the title-pages of such guide books needed to explain that the English lakes were in Westmoreland and Cumberland. Within a short time it was enough just to say The Lakes. Wordsworth completed the process by giving the District its distinctive literary associations, and nowadays the haunts of the Lake poets are as big a draw as the lakes themselves. They make a perfect fusion of art and nature.

Dove Cottage, Wordsworth's home at Grasmere, is an excellent museum open throughout the year. It contains a permanent exhibition of books, manuscripts and pictures, and on days when it is not raining you can sit in the garden. It was *here that Wordsworth wrote Resolution and Independence, Intimations of Immortality* and other works which have shaped *English thought and the English* language.

Wordsworth was supported by a worshipping sister and a loving wife. He had many connections in thear ea, havinb been born at Cockermouth, and I am not sure he would have chosen to live at Grasmere if he had not been a native son.

The friends whom he persuaded *to come were not so for*-tunate, Coleridge, who loathed the cold and theda mp, *found* false consolation from the stultifying loneliness in brandy and opium. De Quincy did the same. Today things are mercifully differenrt. Thank heavens fod central heating and the M6.

When Wordsworth was famous, he wrote his own *Guide to the Lakes* which wnet through five editions in his lifetime and has been frequently reprinted since. A traveller could always be sure of fine weather in June, Wordsworth promised his readers confidently, and he threw in a few aspersions on the scenery of Scotland in case they craved real wildness.

To Wordsworth his native county offered "the poetry of nature." On a clear day, he wrote, "the heavens are brought down to the bosom of the earth which is looked at through the medium of a purer element, and the imagination is carried into recesses of feeling otherwise impenetrable." But the misty days too have their special magic—for a time at least.

At Dove Cottage between December 9 1985 and May 27 1986 there is a special exhibition devoted to the romantics and their books. To supplement the permanent collections, nine collectors have lent a variety of treasures, and over the weekend of January 10-12 they will participatet in a conference at the nearby Prince of Wales Hotel. Michael Foot will speak about Hazlitt. Peter Bicknell will explain the delights of aquatint, which as a method of picturing scenery is superior both to watercolour and to photography. Robert Woof, keeper of the collections at Dove Cottage, will lecutre on Wordsworth and his books.

Simon Nowell-Smith is lending some of his famous collection of association copies, some of which were exhibited at Oxford two winters ago. Such books have their own resonances. My own copy of the first edition of *The Prelude*, for example, is inscribed to "Michael Heseltine from some grateful friends a the Working Men's College, June 1912." Who could not be moved by *Poems* 1815 personally presented by Wililam and Dorothy Wordsworth to his old school friend *John Monkhouse and signed by* both?

At the conference on January 11-12 there will also be talks *on aspects of books not directly* connected with the Lakists. Mrs *Charles Warren brings a selec*-tion of Jane Auste nitems. Professor Peter Isaac wil speak about thet printer Bulmer and show some of his work, and there will be a display of Sydney Cockerell's contemporary design buildings.

For the two nights' residence, including meals and lecture fees, the price is £52. If you prefer a shorter visit, the admission price for the talks is £3 each. Inquiries to Sylvia Wordsworth—yes—at Grasmere (09665) 651.

William St. Clair

Country Notes

Nuts and sloe gin

IF I believed the old wives' tale that a mass *of berries in* the hedgerows was the harbinger of a hard winter, I would be in despair. Never have I seen the hawthorns so laden, and most of the holly trees are not far behind. So are *the hips on* the briar roses. On the other hand, on my particular patch *what might* be called fruits of some human value—blackberries, *chestnuts* and sloes—are scare and scattered. There are few hazel nuts, and I could not find a single nut on my two walnut trees.

I do not believe that this dearth and profusion has anything to *do with next winter's* weather, but rather caused by vagaries of the past *summer*. Both the blackthorn, on which sloes are found, and the hawthorn, flowered extravagantly. Yet the former was very mean *in the fruiting.*

It must be that bees were not *venturing out* to set the blackthorn when it flowered.

But *blackthorn* was not the only sufferer. The peas on the farm, after a very *slow start*, grew luxuriantly and flowered well; when we came *to harvest* them the yield was just half that achieved the year before. Broad beans, which I grew for seed, behaved in the same way. The lowest flowers set seed, but those higher up the stalk failed to set at all.

The dearth of sloes has been a serious matter for some of the locals, who have gone a very long way to find sloes for making *sloe gin*. Why anyone would wish to spoil good gin in this way *passes my understanding*, but at the annual competition in our *local* pub there were 37 entries, judged by an acknowledged expert. I asked him how one becomes an expert in this field.

It is, he told me, a matter of practice for the most part, along with some knowledge of wine tasting. It was also highly objective. The liquid should be clear, the colour as dark as possible, with a smell of sloes. The flavour should not be unbalanced by too much almond essence, a common additive. The finish was most important; the *taste should* last in the mouth.

It is, apparently, quite easy to make. First find the sloes (easy in most years), then score them, or cut *with a knife*. Take, say, a litre bottle, put in sugar to taste (say one to two table-spoons) and pack the sloes in as tightly as possible. Pour in the gin and cork securely. Turn the bottle every day until you *can bear it no longer*, then uncork the bottle, decant it, and drink *it. Sloe gin made this* autumn should be fit to drink by Christmas. Apparently it does not improve with age.

If you prefer something *different you can* refill the bottle containing the spent sloes with *cider, and you will have a very* tasty but not particularly intoxicating drink. *Gin is not the* only foundation; you can use Vodka; and an *exotic variant* is sloe brandy. It is all a matter of taste.

Taste is the operative word. As a child I used to eat sloes, and remember the puckering of my mouth when their bitterness took hold. Adding sugar and gin seems an expensive way of making the uneatable swallowable. Still, a sip of sloe gin is nice while waiting for the *next drive to start.*

But I have always thought sloe gin an upper-class drink. Real country people make wine. I have been regaled with a catalogue of homemade wines over the years, and dangerous *potions they can be.*

I once visited a neighbour whose wife, a noted winemaker, offered me a glass of mangold wine. It was a warm evening *and I had been haymaking hard.* The mangold wine went down well and my *glass was refilled* more than once. It was just like drinking orange juice. Then I rose to go. My legs would not work at all. I sat down again, and far outstayed my welcome. Eventually I rose *and staggered* outside. It took me a long time to walk the hundred yards home, but *I got* there at last and fell across the table in the *kitchen*, where my wife found me *in extremis.*

She accused me of having *been to the pub.* No, I said, it was Mrs Jones's mangold wine. *She plainly disbelieved me.* No turnip could do that to you, she said.

John Cherrington

Glorious threads

THE BAYEUX TAPESTRY by David M. Wilson. Thames & Hudson, £38.00 (£45.00 after December 31 1985). 243 pages

I FIRST saw the world-famed Bayeux tapestry 30 years ago when it was in the Deanery of the Cathedral. Now it is beautifully displayed in a new purpose-built museum in the shell of the former Grand *Séminaire*—a large building whose seventeenth-century architecture admirably sets off the simple beauty of this magnificent piece of embroidery—all 70 metres of it, in a skilfully lit U-shaped gallery.

At the time of the rehanging of what Sir David Wilson calls "one of the most numinous monuments of European history," it was photographed by Clichés Ville of Bayeux in 1982-83 and this lovely book, which must be in every town, university and college library, is built round these photographs, with a commentary by the director of the British Museum and a foreword by Jean le Carpentier, Conseiller Général and Mayor of Bayeux.

The tapestry is not, *sensu stricto*, a tapestry: it is an embroidered strip of linen made up of eight conjoined strips of different lengths. The linen is of a relatively fine tabby weave: the embroidery is carried out in coloured wools defined by stem or outline stitch. No trace apparently remains on the tapestry of any lines of construction or of any cartoon. The colours are terra-cotta, blue-green, old gold, olive-green, blue, dark blue or black, and sage-green: they are faithfully reproduced in 146 large format pages in full colour—each just over half the size of the original. This is the most faithful and detailed reproduction of the complete tapestry, and the plates have an astonishing textural quality.

In 1476 the inventory of the cathedral at Bayeux refers to "a very long and narrow hanging on which are embroidered figures and inscriptions comprising a representation of the 'Conquest of England.'" It relates, as every schoolboy knows, through the minds and eyes of contemporaries, the events leading up to the Norman invasion of England and culminates in a major portrayal of the Battle of Hastings.

It records events between 1064 when Harold set out for Normandy, and Saturday, October 14 1066 when he was killed by a Norman arrow at Hastings. It is not a strip cartoon, as it has often been described; it is a subtle chronicle of the events it portrays and a prime historical document, as the late Professor David Douglas described it, "a primary source for the history of England in this age."

Wilson not only gives a detailed commentary on the tapestry, but analyses the story it tells, its style, art and form, and discusses the information it provides about building, dress and artifacts in the period. He agrees with most recent commentators that it is English, but the patron of the work was a Norman, possibly the Warrior Bishop Odo of Bayeux, half-brother to William, bastard, duke and conqueror. Traditionally the tapestry is associated with Matilda, William's queen, and it has been suggested that she herself embroidered it, but there is no evidence for this, although the tradition goes back at least to the early 18th century.

The author agrees with Dodwell that the tapestry is a secular object made for a secular building, perhaps the hall of Odo, and is based on a tradition, almost certainly English, of the heroic poem.

He suggests a date "near to 1066, say in the 10 years after the Battle of Hastings," and if it was made for Odo, it would date before his death in 1097 and most probably before he was imprisoned by William in 1082.

The work provides a fascinating window on to the daily life and warfare of early medieval people and a unique source for our understanding of the material culture of the 11th century. Simone Bertrand calculated that it portrays 626 people, 202 horses or mules, 55 dogs, 505 animals of all sorts (including two improbable camels), 37 fortresses or buildings, and 41 ships or boats.

The lower and upper borders have a special fascination with their depiction of scenes from Aesop's Fables, and the half-dozen naked men and women. (Wilson can offer no convincing explanation of the scene in which "a certain cleric" is making a pass at or slapping the face of a woman called Ælfgyva: rape? adultery? no one can tell us what this means or its relevance to the main story.)

The Conqueror and his victim—from a new book on the Bayeux Tapestry. Large colour illustrations give a detailed impression of the entire work.

Glyn Daniel

Re-drawing the map of our party politics

THE IDEA OF LIBERALISM by George Watson. Macmillan £22.50 hardback, £7.95 paperback. 172 pages

GEORGE WATSON, best known as a literary critic, has written another book about politics. The first sentence of the Preface reads: "This books sets out to redraw the map of political thought." It is dedicated to David Steel, the leader of the Liberal Party, and Watson himself has twice been a Liberal candidate.

Actually, it is not quite as pretentious as the Preface sounds. Some of it is elementary. It must have been clear for a long time to anyone who follows politics that the word conservative with a small "c" can be properly applied to any political party at a particular time and that the present Conservative Party in Britain is anything but conservative. A lot of the book is really about the use of small and large letters.

Some of it is perceptive. There is an intriguing chapter on Hitler's debt to Marxism. Drawing heavily on relatively little known sources, Watson shows that Hitler had absorbed the Marxist ideas of his time and developed them. "I have learnt a great deal from Marxism," he is quoted as saying. "The difference . . . is that I have really put into practice what these peddlers and pen-pushers have timidly begun. The whole of National Socialism is based on it."

And again, Hitler said in 1934: "It is not Germany that will turn Bolshevist, but Bolshevism that will become a sort of National Socialism."

The basic thesis is that the Whig interpretation of history is right, only for "Whig" read "Liberal," which can have a large or a small "l." "The Whig case," Watson summarises, "is that human liberty only survives and flourishes as an effect of a slowly maturing constitutional progress." In other words, the history of humankind is the history of liberty. The two main adversaries of this view, he writes, are the conservatives and the socialists: the conservatives because they are sceptical of any single interpretation, and the socialists because they have their own certainties or, if they are on the soft left, their own relativism.

Watson himself is astonishingly absolute:

"The claim to objective moral knowledge is essential to the liberal view, as it is inessential, even alien, to the conservative or socialist. . . Morality is a form of knowledge. . . Moral progress, after all, happens. The early 19th century saw the abolition of the slave trade, led by Westminster, and then of slavery itself; the mid-century saw cheap food through free trade, the end of underground employment of women and children, and the spread of the suffrage."

True, but apart from the lack of definition of "objective moral knowledge," a lot else happened in the 19th century and continues to happen in the 20th that does not fit the thesis.

Watson's heroes are Gladstone and Acton. He has a good chapter on the masses and the classes, the phrase being taken from a Gladstone speech in 1886: "All the world over, I will back the masses against the classes." The classes those days meant the establishment, the masses the newly enfranchised. His argument is that the classes — nowadays described as sectional interests—still rule with the acquiescence of the Tory and Labour Parties.

David Steel will be no doubt glad to know that there is a body of academic thought behind his politics.

The book contains one funny story, previously unknown to me. Guy Burgess's mother is said to have remarked after her son's defection to Moscow: "I think Soviet discipline should be good for Guy."

Malcolm Rutherford

Fiction

Mystery killing of Dutch Nazi criminal

THE CATHOLIC
by David Plante. Chatto & Windus, £8.95. 151 pages

THE ASSAULT
by Harry Mulisch. Translated from the Dutch by Claire Nicolas White. Collins/Harvill, £8.95. 204 pages

HOME TRUTHS: STORIES
by Mavis Gallant. Cape, £9.95. 330 pages

LATER THE SAME DAY
by Grace Paley. Virago, £8.95. 209 pages

DANIEL FRANCOEUR, the protagonist of The Catholic, was introduced to us in the author's trilogy The Francoeur Family. In this anguished and unpleasant sequel, he seems, perhaps unusually, to have regressed emotionally. It is about a homosexual obsession, and it centres on what is intended as an intensely erotic love scene. This scene is erotic, certainly, but it seems to me—and I suspect many other readers will feel the same way—desolate, sick and loveless.

When I say that The Catholic is "unpleasant," I don't mean to decry it. It is a courageous book but a painful one. Its message seems to be that homosexuality against a religious background is narcissistic anguish. That much it conveys with great power. At the very least The Catholic conveys a notion of what it is truly like to be obsessively homosexual and convincingly creates a deeply unhappy character.


Harry Mulisch: influenced by Simenon

The Dutch writer Harry Mulisch's The Assault, now translated, is not his best work That is, per haps, his documentary novel about the psychoanalyst Wilhelm Reich, The Sexual Bulwark (1973), which has not yet been translated. The Assault, an efficiently told tale, was published in Holland in 1982. Like much contemporary fiction, this novel looks back to a war mystery.

It is about the murder of a Dutch Nazi. He was gunned down in 1944, but his body was removed to the doorstep of a family who lived in the street in which he met his death. Why did the neighbours do this? It destroyed a whole family, since the Nazis naturally assumed that its members must have been responsible. The survivor, Anton, is determined, almost 40 years after the event, to discover why.

Assault is lucidly written, with more than a mere touch of Simenon, by whom Mulisch—although a strictly "modernist" writer—has been influenced. It is moving, and, most of all, a highly intelligent thriller.

Mavis Gallant is one of Canada's best short story writers: in Home Truths, 16 stories, she is up to her usual form. The book is divided into three sections: stories set in Canada, stories of Canadians abroad (these will not please many Canadians, but are funny and accurate), and stories devoted to the over-sensitive and acutely perceptive Linnet Muir, who is seen as a young woman in the Montreal of 50 years ago.

The stories are dry, terse and neutral — but they are not feline, for Gallant's insight is so intense that it amounts to *compassion*. She does not have, as some short story writers seem to do, a grudge against life. She is particularly good at showing how women react (or fail to react) to experience: at showing how they learn, or tragically, fail to do so.

When she is doing this she is never clever or nasty. *Such* good humour in the context of such outstanding insight is salutary, especially in view of the fact that some good writers mar their work by gratuitous, superfluous spite. This is a most rewarding and outstanding volume.

Grace Paley is another excellent — and unprolific — short story writer from across the Atlantic. She was born in New York in 1922 of immigrant parents, and has published only two collections previous to this one, which contains 17 new stories.

Grace Paley writes out of a very full life. A "combative pacifist," she once wrote: "have been to jail, will go again." And *indeed, in 1978 she was given a* 180-day suspended sentence for breaking into the White House and unfurling an anti-nuclear banner. But these new stories are as good as ever, and once again remind us that when she was a child her parents taught her Yiddish—only Singer has *the same tone of voice, but that,* of course is through translation. She also learned Russian, and must therefore have read much in the peculiar colloquial Russian way of telling a story called skaz. Many writers in English have tried to catch its essence, but only Grace Paley has fully succeeded.

But it isn't just the tone of voice she catches: it is every nuance of minds determined not to be defeated by their own indignations, by the insults offered to them by the impertinences of officialdom and of governments. It is this which makes her unique, and the publication of a new volume by her a truly democratic event.

Martin Seymour-Smith

Confidential agents and controls - how it began

SECRET SERVICE: THE MAKING OF THE BRITISH INTELLIGENCE COMMUNITY
by Christopher Andrew
Heinemann £12.95, 66 Pages

SPYING IS an activity which has long carried a powerful aura (or should one say penumbra?) of fascination for children of all ages, including no doubt many of those actually engaged in espionage, and it is beginning to look as if 1985 is turning out to be the Year of the Spy, the annus mirabilis of espionage. We have had defections (Oleg Gordievsky), detections (Arne Treholt and the Walker family), accusations (the "spy dust" saga), expulsions (by Britain and Russia) and a complicated climax of abduction/defection/double - defection (Vitaly Yurchenko). This constant activity of General Post, and the unaccustomed publicity surrounding these works of darkness, suggest such an enormous industry, that it is hard to determine whether to be amused or alarmed.

One escape from this dilemma would be to read Christopher Andrew's book on the creation and evolution of the *British secret service*, both in intelligence and counter-intelligence. Britain like other countries has long dabbled in spasmodic spying; but intelligence as a consistent and sustained activity is in this country barely 100 years old. To judge from Dr Andrew's most readable narrative, for the first half of this period, it has been an extraordinary mixture of brilliance and incompetence, acute management and grotesque incoherence, absurdity and derring-do, sustained by paranoia and obstructed by bureaucratic rivalries. *Moreover, he shows* that spying, in the sense of secret agentry behind the enemy lines, was during those formative years at least, a less significant factor in the black war of intelligence than signals interception, code-making and code-breaking, or counter-intelligence against the enemy's agents.

Dr Andrew traces the origin of systematic British intelligence to a certain Major Thomas Jervis, an enthusiastic cartographer, who took advantage of the debacles of the Crimean War, and persuaded (but only just) the War Office that it might be useful to have a map department. And, interestingly, the main activity of the Intelligence Department of the War Office in the later years of the century, was not secret agentry, but reading newspapers and books; by 1896 it had nearly 40,000 volumes, possibly the best military library in the world.

There was also a Kiplingesque side to British intelligence in those early days. Baden-Powell had an appropriately Boy Scout attitude to spying: he believed that the best spies are unpaid men who are doing it for the love of the thing. "For anyone who is tired of life, the *thrilling life* of a spy should be the very finest recuperation." But his enthusiasm was not shared by the last Director of Military Intelligence of the Victorian era, Sir John Ardagh, who concluded that "it was not often that a secret agent discovered anything of importance, but it did sometimes happen."

Baden-Powell loved dressing up in disguises. So too did Commander Mansfield George Smith-Cumming, the first head of what later became MI6 or SIS, who bequeathed to his *successors the childish* tradition not only that the holder of this office is known as "C," but signs his name in a special green ink. His intelligence-gathering activities seem to have been more theatrical than effective.

British counter-intelligence before World War I seems to have been more substantial. The rampant spy scares, actively encouraged by popular *novelists, persuaded even the* head of the German department at the War Office that Germans were in every county, and that 90,000 German reservists were at large in Britain; in 1911 the scandalous Official Secrets Act was passed at record speed. But well before the war, the *future MI5 knew the identities* of all the German spies in Britain, and had them all arrested on the outbreak of war. There were 22 of them, and they were all incompetent.

I could go on: these are just some of the delights in a book, already chosen by Lord Blake as his *Book of the Year* and, as he said, choc-a-bloc with entertaining anecdotes. Beneath the amusing narrative, Dr Andrew has a serious purpose to protest against the obsessive secrecy with which successive governments insist on cloaking not merely the activities but even the existence of its intelligence organisations, an obsession which was partially blown away by its stupid handling of the GCHQ affair. The Christmas reader need not, however, feel too exercised by this problem: he need only settle back and enjoy a long read with a laugh on every page. Let the CIA and the KGB, the SIS and the Deuxième Bureau, worry whether Vitaly Yurchenko was a defector, a double-defector, a plant or an abductee who heroically struggled back to Mother Russia.

Ian Davidson

Girl's war journal

THE BERLIN DIARIES 1940-1945 OF MARIE "MISSIE" VASSILTCHIKOV. Chatto & Windus £12.95. 320 pages

MISSIE VASSILTCHIKOV had to spend the war in Germany, and the diaries she kept at the time, in English as it happened, reveal a bright and brave personality.

In her early twenties, Missie was with her elder sister Tatiana, and her parents, Prince and Princess Vassiltchikov. Another sister was in Rome, while George, youngest in the family, went on to occupied Paris. *All were refugees,* first from the Russian revolution, then from Lithuania as Stalin annexed that country in 1940. Aristocrats of this kind could count on support of others in the Almanack de Gotha, and these diaries are a fascinating insight into a circle whose independence of mind could not be crushed by totalitarianism, Soviet or Nazi.

Missie found a job in a section of the Foreign Ministry in Berlin, Tatiana soon married Prince Paul Metternich, on whose estate in Bohemia the elderly *Vassiltchikovs spent* much of their time. The old prince was the kind of man who gave Missie as a protection the Cross worn by his forebear throughout the Napoleonic campaign.

Parties in smart hotels and balls *in embassies inexorably* gave way to nights in shelters under Allied bombing, described in vivid detail. As the landscape disintegrated, literally as well as psychologically, the friends around Missie drew closer, and they included many with famous names, Bismarck, Schönburg, Schulenburg, Wilczek, not omitting Maria von Gersdorff and the Horstmanns who already feature in many a memoir.

In the diaries are recorded one tragic fate after another—Prince Heinrich zu Sayn-Wittgenstein, for instance, who in spite of Russian and French ancestry became a Luftwaffe fighter ace until finally shot down; young men with nicknames like Goffy and Bübchen killed at the front. One astonishing set-piece concerns the marriage in 1942 of Constantine of Bavaria and Maria-Adelgunda of Hohenzollern, performed in their castle at Siegmaringen with a ceremony displaying a truly regal indifference to Hitlerism.

When the Foreign Office had to be evacuated to a distant village, Missie's daily life was disrupted. The most dramatic turning-point was the Bomb Plot of July 20 1944. A number of those who had planned to kill Hitler in this incident were Missie's friends. She and Adam von Trott, a leading conspirator, seem to have had romantic feelings for one another. *She* was helpless as von Trott and others were brought before the notorious People's Court and sentenced to be hanged by piano-wire. Her account of visiting the Gestapo in the Lehrterstrasse prison on behalf of von Trott is moving in its courage.

In the war's final year, she became ill, and managed to change job, to be a nurse in a hospital in Vienna. The arrival of the Soviet army would have meant capture and probable death, but she escaped ahead *to a villa in Germany belonging* to Prince Christian of Hanover. Not long afterwards, she was to meet and then marry an American intelligence officer. In the midst of collective evil, Missie was a clear-headed witness who also proved to be a natural aristocrat by remaining so true to herself.

David Pryce-Jones

For film-buffs and others

THE PERFECT paperback for a film buff's stocking this year is Robert L. Carringer's The Making of Citizen Kane (John Murray £8.95, 171 pages). This incomparable piece of detective work by an Illinois professor, *an Orson Welles devotee, pieces* together the story of how the world's greatest film got made—and very nearly did not. Welles was precipitated almost by accident into making his fictionalised biopic of William Randolph Hearst after earlier projects had fallen through, including a film of Conrad's Heart of Darkness. In preparing Kane he battled with a valetudinarian scriptwriter, a sceptical film industry, the distant crashings of the Hearst empire and a budget that, though hardly shoestring, never *extended to the rope of pearls* Welles once envisioned.

The masterpiece that resulted was, as Carringer, detail by detail explains, a triumph of mind over matter, imagination over budget. Welles and his collaborators—notably cameraman *Gregg Toland and art* director Perry Ferguson—used their own, and the filmgoer's, powers of fantasy to suggest where they could not state. Through design ingenuity and trick photography, baronial halls, newspaper offices, opera houses, the swell of history, all came to life on a series of modest stages and backlots: creating in Kane an unforgettable portrait of a modern Tamburlaine and in Welles a public figure who was soon to outstrip, in precocious but doomed grandeur, his very own hero.

Nothing else you insert in *the Christmas stocking this* year will quite match this. Sheridan Morley's The Other Side of The Moon (Weidenfeld and Nicolson £10.95, 290 pages) admirably narrates the life of David Niven, although this is a task that has already been performed by Niven himself—at least in terms of cornering all the best anecdotes—in his two best-selling books of memoirs. Even so, Morley captures the more rueful, darker elements in Niven's life, including the tragic death of his wife in a party game at a friend's house, and makes something touching even out of Niven's debonair awareness of his own modesty of talent.

Dark Star (Sidgwick and Jackson, £15.00, £278 pages) is the tale of John Gilbert, the silent era heart-throb who was toppled from stardom (goes the myth) by the coming of sound. His daughter, Leatrice Gilbert Fountain disputes the myth. No, she says, her father did not have a high, piping voice that caused audiences to laugh him off the screen. No, he was not a hopeless alcoholic. No, he did not go into decline after Garbo stood him up at their intended wedding. Miss Fountain makes some determined points, but she also, one suspects, protests too much. The truth, one feels, after reading the book, probably lies somewhere between the old Hollywood writ and the new daughterly rewrite.

For sterner ciné-students we have Kristin Thompson's scholarly Exporting Entertainment (BFI Books, £16.00, 229 pages), charting the American cinema's penetration of foreign markets between 1907 and 1934, and Graham Petrie's Hollywood Destinies (Routledge, £10.95, 250 pages), showing how emigré European directors fared in Tinseltown between 1922 and 1934. Both illuminatingly show what happens when the immovable object of the "classical American narrative film" (in Thompson's phrase) meets the *irresistibly quirky* minds of foreign film-makers and filmgoers.

Nigel Andrews

The Yellow Book, part of the Bodley Head archive

Saleroom

Loaded letters

"THE WRITER of this drivel is either an escaped lunatic or a person who cunningly manages to prevent her friends from realising that she needs to be placed under restraint. Decline." So wrote a publisher's reader to John Lane of the Bodley Head, recommending the rejection of yet another hopeful manuscript.

The archive of the Bodley Head, from 1887 to 1921, is up for sale at Sotheby's this week. It contains thousands of documents, including letters from the leading literary figures of the period, as well as manuscripts. It covers the rise and fall of The Yellow Book. It is an unrivalled peepshow on the publishing world, and it is estimated to sell for up to £150,000, which suggests it will go to an American library.

The archive is being sold by the Allen Lane Foundation and it should make the highest price in yet another good sale of English Literature and History at Sotheby's. This is a market which has expanded rapidly in recent years. In 1975 Mr Roy Davids, head of the department, estimated its sales at around £250,000: now they are approaching £3m. Much of this comes from the boom in musical manuscripts, but literature generally has caught the public imagination. This is a collector's rather than a dealer's market and demand has brought a succession of unknown marvels into the auction houses. And there is much more to come.

It is very unlikely that a document in Shakespeare's hand will surface but it is not impossible. One of the six accepted signatures did pass through the saleroom, over a century ago, and made less than £500. Today it would top £1m. Mr Davids inclines to the "possibles" over the recently discovered "Shakespeare" poem and values it, with all its doubts, at around £50,000.

Just how exciting the hunt can be is illustrated in Wednesday's sale. It includes a list of payments received and paid by the Church Wardens of the Minories in the City of London between 1566-1686. Shakespeare was living in the parish during the period. Of course Davids has checked every misspelt word for any reference to the "Man" and he has discovered John Lanier as a churchwarden: there is general agreement that A. L. Rowse was on to something in identifying Emilia Lanier as the Dark Lady.

In this field choice specimens are always cropping up. The celebrated letter with which Charlotte Brontë despatched *Jane Eyre* to her publishers is on offer at £5,000-£8,000. It is signed "Mr Currer Bell," but she adds that it is better to contact her as Miss Brontë "as there is a risk of letters otherwise directed not reaching me at present."

The market for autographed letters is enormous. Some people collect sovereigns—Jane Grey is the rarest, but Roy Davids has seen two signatures of "the nine day Queen" in the past year: a good signed document could make £30,000. Others buy scientists, or travellers, or ancestors. Most famous men and women strike a chord with someone prepared to risk £100 or less for a tangible momento of the past.

Always some names are in favour and others are out. At the moment Oscar Wilde is in great demand and letters which went for £500 five years ago might now fetch £5,000: a fairly routine Wilde letter sold for £37,000 in New York recently. In contrast Burns is out of fashion: an unpublished verse letter which sold at Sotheby's for £2,000 a few years ago is on offer next week at around £500. Kipling is in, but de la Mare is out. People buy Wodehouse but not Somerset Maugham. Lear is popular but not Robert Frost. On the whole literature is appreciating faster than historical documents, although poor mad John Clare has recently suffered the indignity of a poem which fetched £2,200 five years ago attracting bids under £1,000 earlier this year.

In general items are still remarkably cheap. Two autograph poems by Tennyson, "Come not when I am dead," and "The eagle," are estimated to sell for £1,000-£1,500. In 1980 they sold at auction for £600, but even so they now look like bargains. Letters by Daniel Defoe are extremely rare and two are on offer at around £5,000.

This can be a very thin market: two or three avid buyers might force prices up and the disappearance of one of them undermine price levels. This difficulty in determining who the buyers are has deterred dealers who do not want to buy for stock and then discover that nobody, but nobody, is interested in Robert Bridges, or Hugh Walpole.

According to Roy Davids, "the big money is on the diving board waiting to plunge into this market." That is an auctioneer talking. Autographed letters and manuscripts have none of the visual appeal of pictures or decorative arts, but it would be surprising if there were not always people who would like to own the first known letter that Nelson wrote to Lady Hamilton (estimate £2,500-£3,500), or to possess a heavily revised autograph poem by Sir John Betjeman (£400-£450). The letters and manuscripts on offer next week are a direct link with the past; it would be a desolate age which did not appreciate and value such links.

Antony Thorncroft

Michael Coveney visits Paris to see John Gabriel Borkman and Lucrèce Borgia

The returns of Bergman in exile

INGMAR Bergman's Munich production of *John Gabriel Borkman* visited Paris this week (last performance tomorrow) as part of Giorgio Strehler's ever invaluable Theatre de l'Europe operation at the Odeon. It received a rapturous ovation on Wednesday night. The previous evening I caught Antoine Vitez's stunning revival of Hugo's *Lucrèce Borgia* at the Chaillot.

With Brook's *Mahabharata* now settled in at the Bouffes du Nord and Ariane Mnouchkine's Cambodian two-night epic *L'histoire terrible mais inachevée de Norodom Sihanouk* packing them in at the Cartoucherie, Paris seems to be the true capital of European theatre. This is not strictly true, even allowing for the fact that the Comedie Française is battling sturdily against a tarnished reputation under Jean-Pierre Vincent (Genet's *Le Balcon* opens there tonight). The general informed feeling is that there are a few shows worth seeing and a great deal more best ignored.

Still, Bergman and Vitez, along with Strehler himself and Chereau, are directors the London theatre continues to live without, an attitude of self-denial as blinkered as it is parochial. Years ago Bergman directed a superb *Hedda Gabler* for the Olivier National. Bergman's *Borkman* shows he is as at home in Germany as he was here.

Having sorted out his difficulties with the Swedish taxman, Bergman is leaving Munich to return home. The experience of exile no doubt informs the remarkable performance of Hans Michael Rehberg in the title role, the very embodiment of Ibsen's "sick wolf," ravenous and exhausted, first seen in meditative profile while young Frida pounds out a Beethoven sonata (instead of the Saint-Saëns danse macabre) in the gallery he has paced in loopily lupine isolation for eight years after serving a prison sentence of five for fraud.

This gallery, with its medieval military tapestry and two rows of forbidding chairs which Rehberg fussily adjusts after his old clerical friend Foldal (a charming, mildly tubercular reading by Heinz Bennent) has gone, flies out, along with the sombrely red first act interior, to leave Borkman trudging ever so slowly downstage across what Munch called the most powerful winter landscape in Scandinavian art.

Rehberg suffers a stroke at the end of the third act, an invention brought on by the trauma of his son's farewell; Erhart trades his "mission," the restoration of the family name, for sensual bliss with the divorcée Fanny Wilton (Rita Russek is a tangerine vision of threatening sexuality) and a proferred handshake elicits a ferocious slap on the jaw from Rehberg.

Blackness engulfs the representational three-storey exterior as Rehberg's self-deluding messianic captain of industry builds a tremendous histrionic climax with the music of the mines ringing in his ears, the chimera of an unfulfilled destiny dancing cruelly before his steely, ferocious gaze. Ella Rentheim (Christa Brendl), the woman whose life and love he extinguished by marrying her twin sister Gunhild (Christine Buchegger) to further his career, stands to one side, terrified and forlorn. There is no renewal of sisterly affections at the end; just a cold chill of relief as Rehberg slumps forward on a simple bench.

Hans Michael Rehberg, the embodiment of Ibsen's "sick wolf"

The scenography and costumes by Gunilla Palmistierna Weiss achieve their effects through a startling lack of elaboration. The same is true of Yannis Kokkos's designs for *Lucrèce Borgia* which, together with the astoundingly beautiful lighting of Patrice Trottier, place the romantic melodrama in a black void from which characters appear like poisonous (and, in the end, poisoned) insects on a large tilted reflective stage floor daubed with splashy evocations of Venice and Ferrara.

Hugo's romantic drama is now taken much more seriously in France than ever it was in the 19th century, chiefly because of the Avignon productions and proselytising of Jean Vilar, Vitez and others. Parallels with Greek and Shakespearian drama are summoned by the director in the production's souvenir handbook (a wonderful document containing the text and, on each facing page, commentary on the production's evolution, drawings, academic and practical theory), and the performance, one of intense luminosity and severe execution, justify the comparisons.

The play was an unqualified success in 1833 but its fame was founded on scenic extravagance and eclipsed before the year was up by Donizetti's opera (although there were revivals in 1870 and 1881). Hugo's mistress, Juliette, first bewitched him in the small part of the Princess Negroni, at whose feast Lucrezia poisons her enemies and, unwittingly, the son she loves, Gennaro. At the Chaillot, Anne Benoit is a tempestuously spinning and seductive Princess, fatal harbinger of the glittering Jacobean excesses of the last act destruction, coffins shunted unceremoniously across the stage to await occupation by the dying courtiers.

In this centenary year of Hugo's death, Vitez has also produced *Hernani*, and Barrault brought to Edinburgh another prize Hugolien exhibit *Angelo, Tyran de Padoue* with an unforgettable performance by Geneviève Page. Nada Strancar — outstanding last year in Strehler's Corneille revelation *L'illusion* — is a superb Lucrezia, beautiful and strange as the murderess stricken too late with the pangs of maternal love.

The enduring emotional appeal of these plays is one of the wonders of the contemporary European stage, and Vitez finds resonance where once there was mere bombast in the relationship of Gennaro and Maffio and in the sinister performance of Jean-Marie Winling, part Iago, part Mephisto, as Lucrezia's disguised death-dealing henchman Gubetta.

Lucrèce is at the Chaillot until mid-January and is the perfect complementary antidote to the hagiographical excesses of the none the less enthralling, compelling Hugo exhibition in the Grand Palais, where a model of the Kokkos design is uncredited. The theatrical costume and design section is very interesting and other treats include a selection of erotic paintings inspired by *Les Orientales* — Sara in her hammock by Henner and Fantin-Latour are particularly good — and Bayard's "Cosette balayant" who adorns the current London posters advertising *Les Misérables*.

Music

Berio's sixtieth birthday concert

THE ITALIAN composer Luciano Berio is still best known, best loved and most highly regarded for the instrumental and vocal works he wrote in the 1960s. The music-theatre pieces *Passaggio* and *Laborintus II*, the great *Sinfonia*, the early instrumental *Sequenze*, and especially the works such as *Circles* and *Folk Songs* inspired by the voice of Cathy Berberian, were all musical milestones of their decade; and their incisive lyrical idiom —pungent, original and above all accessible — was quickly established as part of the musical vocabulary of the age.

Since then, the emphasis in Berio's composing has shifted towards opera (*Opera, La vera storia* and *Un re in Ascolto* were written between 1969 and 1983), and as well as the occasional notable independent new piece, towards "commentaries" or reworked elaborations of earlier works — such as the series of *Chemins*, re-compositions for chamber ensemble of the solo *Sequenze*.

Corale (alternatively titled *Chemins VI*), which was included in the London Sinfonietta's 60th-birthday concert for Berio at the Elizabeth Hall on Thursday night, and conducted by the composer, is one of the more fruitful and exciting of these expanded commentaries. The original, from which an entirely new and elaborate instrumental arborescence emerges, is the violin *Sequenza VIII* of 1977: but here two horns and a string orchestra "draw out from the violin its musical tissue"—as the composer puts it, the orchestra "reveals and brings forward a distinctly new image of the soloist himself, who appears to look into the mirror of his own harmonic life."

The rest of the anniversary concert's first half was devoted to the memory of Cathy Berberian. The *Folk Songs*, which began life in 1964 as a vehicle for her wonderful chameleon voice, *were* Cathy, and as their first and ultimate interpreter she is irreplaceable. Berio indeed prefers the *Folk Songs* these days to be performed by four separate singers: and the four London Sinfonietta Voices who gave it on this occasion made of the music, imperfect as it will now always be, a fine and moving tribute. There was also *Requies, in memoriam Cathy Berberian*: a new piece, finished this year, which obsessively (and aptly) investigates the complex of instrumental timbres within a single note, a single instrumental breath, nine short minutes, gently radiant.

The evening's new Berio work, *Voci*, finished last year and here given its British British premiere, takes the idea of *Folk Songs* one stage further, combining it with labyrinthine processes of the *Chemins*. The alternative title is *Folk Songs II*; but whereas Berberian's *Folk Songs* are settings pure and simple of folksongs real or invented, the Sicilian folksongs of *Voci*, "sung" by a solo viola with two separate chamber orchestras, are merely the springboard from which flight after flight of meticulous, irrepressibly exuberant fantasy take the air. It's a beautiful work, rich and buoyant, illuminated with splendid subtlety and warmth by the viola soloist Aldo Bennici; and I suspect it also mark an important new change if not of musical direction, at least of musical focus for the composer. An anniversary landmark for Berio; and yet again, another brilliant landmark for the Sinfonietta.

Dominic Gill

Dance

Ballet the MacMillan way

KENNETH MACMILLAN
Edward Thorpe. Hamish Hamilton. £14.95. 226 pages (illustrated).

EDWARD THORPE subtitles this first biography of Sir Kenneth MacMillan "the man and the ballets." In an introductory note he comments on the fact that, after more than three decades of MacMillan's creative life, there is little material detailing the range of work or the baldest facts about the career of a major choreographer of our time. Hence this study: part biography, part chronology and exposition of MacMillan's achievement.

It is, as we should expect from a critic ever responsive to MacMillan's work and understanding of his ideals, a story sympathetically told. One of the incidental illuminations of the narrative is the way in which Thorpe has set some of the more uncomprehending comment about MacMillan's ballets against the facts of the productions and their genesis. And it may be added here that the sometimes harsh reaction to his ballets has done nothing to alter MacMillan's cool determination to proceed along a creative path which he understands is right for his own talent

Inevitably with an artist as concerned with the psychological motivation of movement, the exploration of his dance characters' psyches, MacMillan's own life has fed and channelled the course for his creations. Edward Thorpe contrives an admirable balance — between personal history and its theatrical transformation, so that the emotional reasons for certain ballets are clear, as in the case of *Triad* whose action sprung from MacMillan's own boyhood experience as "look-out" while his older brother was dallying with a girl-friend.

Since his choreographic debut in 1953, MacMillan has produced 70 works and re-stagings of the 19th century repertory. He has sought, from within the conservatism of the academic style, to impel ballet into a closer contact with the theatre, and show dance audiences that they may see themes treated that are the commonplace of film, drama, television, but which, before MacMillan, were unthinkable in the swan-beset, fairy-haunted realms of an opera house. That in the process MacMillan has shown himself not merely a maker of radical gesture, but a choreographer of rare power and dynamic resource, is the central argument of this study.

Kenneth MacMillan

In her introduction to the book, Dame Ninette de Valois speaks of MacMillan's work being "as varied as it is fearless... and at times bold to the point of folly: he takes everything in his stride, a stride that is objective and not susceptible to outside influences." This is a characteristically astute summing up of what Edward Thorpe has charted, from the women who made it possible for the young MacMillan to become a dancer and then produce those ballets — *Romeo and Juliet, Manon, Mayerling*, and many more — that are part of the cultural wealth of our age.

Clement Crisp

Radio

Youth, appalled and appalling

RADIO 4 was still on the teenage trail. On Saturday we heard *Bringing Up Parents*, in which the young people of the Greenwich Young People's Theatre tried to imagine a parent's-eye view of themselves. In a play devised by themselves, a 66-year-old woman at some future time, say 2032, was able to make herself into a teenager in 1982. The most noticeable factor was the awe and resentment of authority. Fathers, police, justices, even a matron in a remand home, came out as dictatorial and unsympathetic ("My dad will never understand what we're like, because he never has, he won't"). Whatever this project taught these 25 young people, 23 of them girls, it taught us nothing we hadn't heard of. What I found particularly saddening was to hear of so many kids from broken homes—"My step-mother's a bitch," one of the three boys said, and another thought it "agony for the kids" to live with quarreling parents.

The Monday Play, Elizabeth Bond's *Lily and Colin*, plunged us into the realities of 1985, rather than the Greenwich fiction. It was a simple but appalling tale of Lily, a 13-year-old, who had persuaded Colin, a simple-minded man of 38, to live with her and be her love. She was the boss, and a terrifying young person she was, despite the enchanting personality given her in Janette Beverley's smashing performance. But neither she nor the three-quarter-wit Colin (Paul Copley) had any idea how to live, and within a day they had stolen, broken windows, burnt down some property and found themselves hungry, filthy and homeless. The story was good, the overtones dreadful. Lily's mother is dead, her father hits her, her uncle interferes with her. Colin has already been to prison more than once; we are not told why, but the hint is clear. He ends in handcuffs and a police car, she headed for life in a home, still fruitlessly in love with Colin. I thought this a telling play, admirably directed by Penny Gold.

It has been a rich week for radio drama. On Sunday afternoon, when we usually have a repeat of the Monday play, we had a repeat of Barry Campbell's 1970 adaptation of *Vile Bodies*—a very good one, in which the wit and the farce of Waugh's novel were generously spread over 90 minutes, with John Standing at Adam, Lynn Redgrave as Agatha Runcible and Anna Cropper as Nina. Later on Sunday, Radio 3 offered *Temptation* by Nick Dear, a monologue for a schoolmaster driven to despair by the loss of his wife. We hear little of the wife; what we are concerned with is the hero's deliberations as he stands on the shore waiting to drown himself in the sea. John Hurt spoke the part, in two voices, for the thoughts are periodically interrupted by other, sterner thoughts. It is the first time I have heard John Hurt display the extent of his voice so widely, and I reckoned it made the play more effective than its lukewarm aspirations carried it.

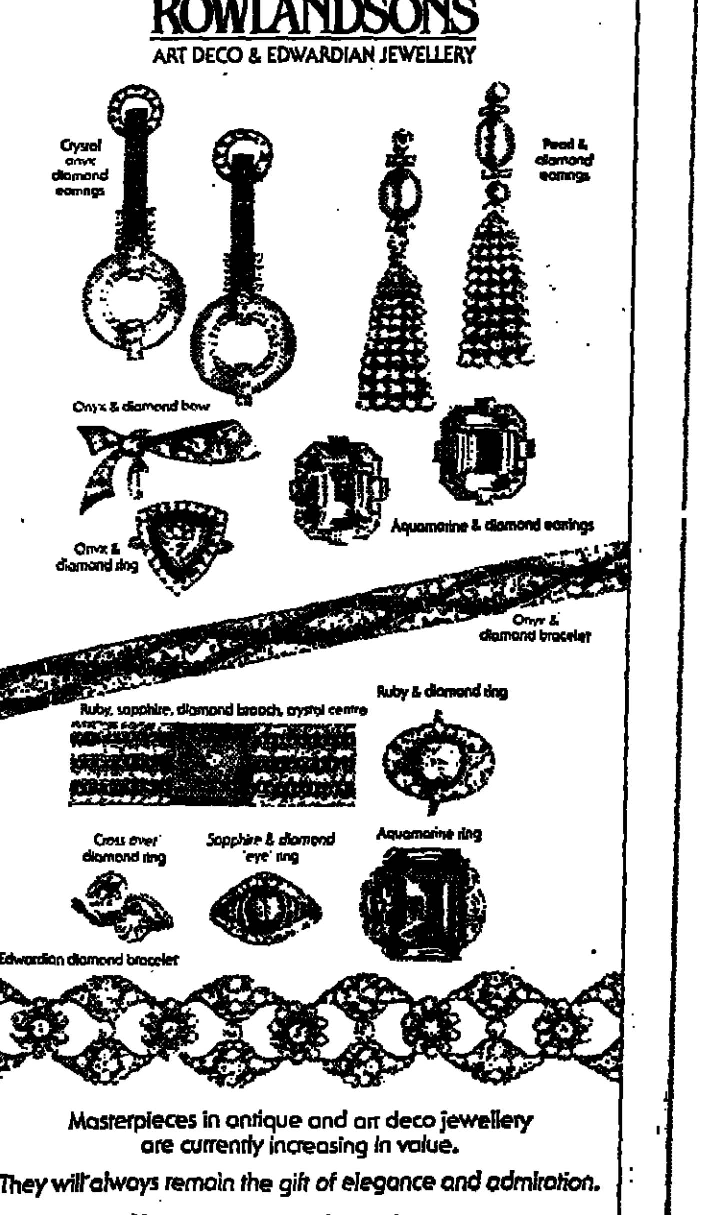
On Wednesday, Radio 3 gave us Arnold Wesker's first play for radio, *Bluey*. I have read it, but I was not able to hear it; certainly I shall do what I can to catch it if it is re-broadcast (as they say nowadays). And on Thursday afternoon came the very enjoyable *The Nuremburg Egg*, by Roger Davenport, following the investigations of a dogged reporter who has found a photo of famous actress Elizabeth Fisher with Nazi criminal Kurt Raeder (a doctor, not the admiral) who was supposed to have been killed in a fire in 1952.

After the Monday play there was a quarter-hour talk on *How Not to Write a Short Story*, given by Mitch Raper of the Morning Story department. He gave many examples of the craft, but none of its opposite, which may at least abate his hardship if it doesn't necessarily increase our fun. Now they should have a programme on plays.

B. A. Young

Solution to Chess No 598

1 R-B3 (threat 2 R-QR3). If 1 . . . R-Q8; 2 B-Q5 and 3 R mates, or if R-K8; 2 B-K6, or if R-KB8; 2 B-B7, or if R-N1 ch; 2 BxR. If 1 . . . R-QB8; 2 R-B2! and 3 Q mates. If 1 . . . KxB; 2 R-B2 ch and 3 Q-N2.



WEEKEND FT

Private View

Curiouser and curiouser

MAJOR COLES is the man you want, at the British Hedgehog Preservation Society. Assuming, that is, you wish to preserve hedgehogs. Failing that, there is always the Snail Racing Association. Yet if that sport seems rather less intriguing than watching the grass grow, your energies might best be channelled into Chickens' Lib or the British Lop Pig Society.

Further details of the hedgehog-lovers and co are contained in this week's most boring and at the sametime most fascinating publication. Directory of British Asociations consists mainly of names and addresses —yet this is the most bizarre collection of professions, trade unions, fan clubs, pressure groups, hobbyists and eccentrics occasionally teetering over the borders of sanity.

It is worth every penny of its £59 a copy (from CBD Research, 54 High Street, Beckenham, Kent BR3 1EA); no library or television station can be without one. They never know when they might need theCommercial Rabbit Association (yes, the rabbit has clearly sold out) or the British Tarantula Fellowship, which aims, somewhat optimistically, "to educate the public on the beauty of spiders."

Animals make up a tiny fraction of the entries, which range from the Abrasive Industries Association to Zip Fastener Manufacturers. The Fellowship of the White Board, for example, turns out to have no relationship to the Lop Pigs, but is instead a group devoted to the proposition that Richard III Is Innocent O.K.

Yet the White Boar Fellows look as conventional as the All Year Round Chrysanthemum Growers Association when compared with some of the bands of merry men and women (there is even a Robin Hood Society). The Aetherius Society exists "to spread the teachings of the cosmic masters who reside on the more advanced planets in this Solar System."

It is a relief to come firmly down to earth with the National Association for Parents of Sleepless Children; a box number only is given, in case inquirers telephone and wake the dozing adults. There is no nonsense either about the Men of the Stones, who are nothing to do with the Rolling variety but who promote this material for building purposes.

Their counterparts, Men of the Trees, are less chauvinist than they sound; their secretary is a Mrs E. Sandwell, a true Woman of Woods. But the Campaign for the Feminine Woman is frankly sexist and entitles its publication *Vire la Différence*. And the Association of Inner Wheel Clubs is nothing to do with the Abstaining Motorists or other car freaks, but consists of "womenfolk of Rotarians."

The publication is a researcher's dream, whether the need is for the List, or the List and Index, Society. Yet some organisations have their doubts about inclusion. The British Contact Lens Association asked to be kept out—a very short-sighted approach. The Record Users' Group wanted to be kept off the record.

According to the compilers, 40 per cent of the associations have moved since the last edition, as Hon Sec succeeds Hon Sec. There is also a turnover as old organisations pack it in and new ones spring up.

The Rare Breeds Society has itself become extinct and the Union of School Students has withdrawn its labour. The Marriage Bureau Association is now null and void. The High Speed Railway Society describes itself as being "in temporary abeyance," rather like High Speed Trains. The International Tennis Supporters declare they have "discarded tennis" which does not leave them with much to do. And the British Christian Pen Pal Club may be flourishing but left no forwarding address.

Fortunately the Ancient and Honourable Guild of Town Criers, when last heard from, were crying extremely loudly. An even more exclusive group, the British Steamship Owners Association, declared they were chugging along nicely with members and the Lawn Mower Racing Association is not letting the grass grow under its feet.

The happiest gathering must be that of Ex-members of Extremist Religious Groups, who have made the journey from the other side of the lunatic fringe. The most reluctant subscribers must be those to the Association of Bankrupts; being Hon Treasurer to that can be no sinecure.

Jonathan Sale

Golf

An oldie goes for the gold

AS YOU read this the legendary Australian senior golfer Peter Thomson will be airborne somewhere between his native Melbourne and Montego Bay Jamaica, en route for the first Mazda Champions Tournament at Tryall Golf and Beach Club from December 18-21.

The reason for this gruelling end of season exercise so close to Christmas, is simple. The tournament has only 12 mixed teams, in which leading senior professionals are paired with women from the Ladies Professional Golfers Association, in better hall competition. But they will share a massive purse of $730,000, and the winning pair will take home a wonderful Christmas bonus of $250,000 each.

In addition Thomson and his partner next week, Nancy Lopez have already won $125,000 each for heading their respective Mazda points tables during the season, which qualified them to be paired as the obvious pre-tournament favourites in Jamaica.

What a year it has been for the 56-year-old Thomson, five times Open Champion in his prime, who has won an astonishing and unprecedented nine US PGA seniors tournaments in a single season. His official money total is $386,724 does not even include his rich Mazda pickings. Thomson has virtually rewritten the record books of a circuit that started with two humble events worth a total of $250,000 in 1980 and has progressed to 29 events scheduled for 1986 worth over $7m.

It will not be so easy for Thomson in 1986, however, as he readily admits. When I spoke to him by telephone in Melbourne recently, he commented dryly: "Of course my domination can only be temporary, but it is as enjoyable as it was unexpected. My twilight is quite dazzling even to me."

But a black cloud appeared on Thomson's horizon when South Africa's durable Gary Player won at the first attempt on the seniors tour at his home club in Florida, three weeks after he turned 50, on November 1. This was one of several tournaments by-passed by Thomson, in order to conserve his energy. It is no secret that there is little love lost between the intellectual Australian and the intensely physical Player. Their future duels will be eagerly awaited.

In addition, Chi Chi Rodriguez, the Porto Rican who made his debut in the same event, finished a creditable fifth, albeit overshadowed by the winner. Bruce Crampton, the much mellowed Australian, "Iron Man" made over $14,000 in his first two months as a senior. And also clouding Thomson's future horizon is Bob Charles, of New Zealand the best left handed golfer of all time, who turns 50 next March.

Other household names shortly to join the seniors tour are Bobby Nichols in 1986, Tommy Aaron, Dave Hill, George Knudson, Charles Coody, Al Geiberger and Bruce Devlin in 1987.

There are many who believe that the seniors will eventually outdraw the main tour especially if Jack Nicklaus, who will be 50 in January 1990 and Lee Trevino whose birthday is almost two months earlier, could be persuaded to compete as seniors. We shall see, but I doubt it.

The only major disappointment in 1985 was that Arnold Palmer dropped from 4th to 11th place on the money list and was competitive only on a few notable occasions. He is still the most popular figure in the game at the age of 56, however, as was made most apparent in the recent "Skins" game in California, against Nicklaus, Tom Watson and Fuzzy Zoeller when the veteran Palmer fashioned birdies at four of the last six holes to dominate the first day, having earlier missed a ten inch putt at the first hole, to allow his host, Nicklaus to cash his only cheque—for $15,000—deja vu.

But back to beautiful Jamaica where Thomson and Lopez's most imposing rivals, at least on paper, are in the order they qualified, Lee Elder, the best-ever black golfer who finished in second place on the Seniors money list nearly $80,000 behind Thomson, and who is partnered by Pat Bradley, Don January and Alice Miller and

Peter Thomson . . . all set for a big Christmas bonus

Nancy Lopez . . . his partner for a share of $500,000

Miller Barber and Jane Blalock.

The sponsors in their wisdom, left the last two men's places open to avoid such a superstar as Palmer slipping through the net and being excluded by failing to score enough qualifying points as indeed happened. Instead, Palmer qualified for 11th place, by virtue of his position on the Lifetime Caree Money List—would you believe Mazda's ingenuity?

But the good fortune of Palmer and Mazda has been further blessed by the fact that the 11th player on the LPGA qualifying list happens to be none other than the veteran Joanne Carner, known with affection through the game as "Big Momma" Carner, who was recently inducted into golf's Hall of Fame in Pinehourst North Carolina. She has the physique to hit the ball as far if not farther than most men, as I once witnessed at all too close range when humiliated in this manner with monotonous regularity as a member of the same foursome.

Foursomes golf is notoriously unpredictable, which is why such a format is so delightful. I well remember wagering a fair sum on Trevino and Carner in the J. C. Penney Classic in Florida some years ago, wrongly imagining such a magical combination on paper possessed all the necessary chemistry to walk away with this mixed team tournament.

In effect this formidable pair of characters formed a powerful admiration society but little else, and voluntarily disbanded a few years later as a total failure, except in the Oft Forgotten field of entertainment. If the immensely strong Palmer and Carner can inspire each other in the playing sense rather than spending four days standing in awe of each other anything can happen.

But if I was a betting man—perish the thought—I would not look beyond the hot favourites Thomson and Lopez. And a happy Christmas to one and all.

Ben Wright

Soccer

Their feet are their fortune

BECAUSE GOALS win matches, draw the crowds and catch the headlines, the value to any team of a player who scores them consistently is almost priceless. There is no standard striker and they come in different shapes, sizes and styles. Some are big, brave, fast and strong, relying on these atributes to bulldoze their way through opposing defences. In the 1930s, Ted Drake provided a perfect example; more recently there were Nat Lofthouse, Malcolm Macdonald and Cyrille Regis.

The best old-style centre forward since the Second World War unquestionably was Tommy Lawton, who had the skill and presence to hold together a five-man forward line. As well as having two good feet, with a powerful shot in both, he was outstanding in the air because he could climb high, resist a challenge and head down harder than many others could shoot.

In complete contrast, there was the wiry Jimmy Greaves. He is only 5 feet 8 ins, yet scored a fabulous 357 goals in his 517 league matches and a further 47 in 57 internationals —enough to justify claims that he was the finest poacher of them all.

I asked Johnny Haynes, who was captain of England at the time, about Greaves' secret. Haynes thought for a moment and then said Jimmy would have shot at least two seconds before it would even have occurred to others: with his short back lift, he often had stabbed the ball into the net, before the opposition realised the danger.

Then there was Denis Law, who made his debut in English football at 16 and was capped for Scotland at 18. The slim Law, only 1½ inches taller than Greaves, also was a brilliant striker although his method and temperament were entirely different.

Law was aggressive and very courageous in the box and, despite his lack of height, was remarkably good in the air. I shall always treasure the goal he scored against England at Hampden Park, when he outjumped Bobby Moore and headed home a corner.

This afternoon, at Highbury, I shall have the chance to see by far the best striker now in league football, Liverpool's Ian Rush. His timing, in the air and on the ground, is brilliant and his pace and balance exceptional. He is a potential threat every time he gets the ball and his menace is increased by the cool, clinical certainty of his finishing.

Managing Liverpool, although now making only occasional appearances on the pitch, is Kenny Dalglish, who brought to the role of twin spearhead a delicacy of touch and finesse which were a delight. Facing his own goal with a defender at his back, he still often turned his marker the wrong way; while his distribution, even under pressure, invariably was thoughtful.

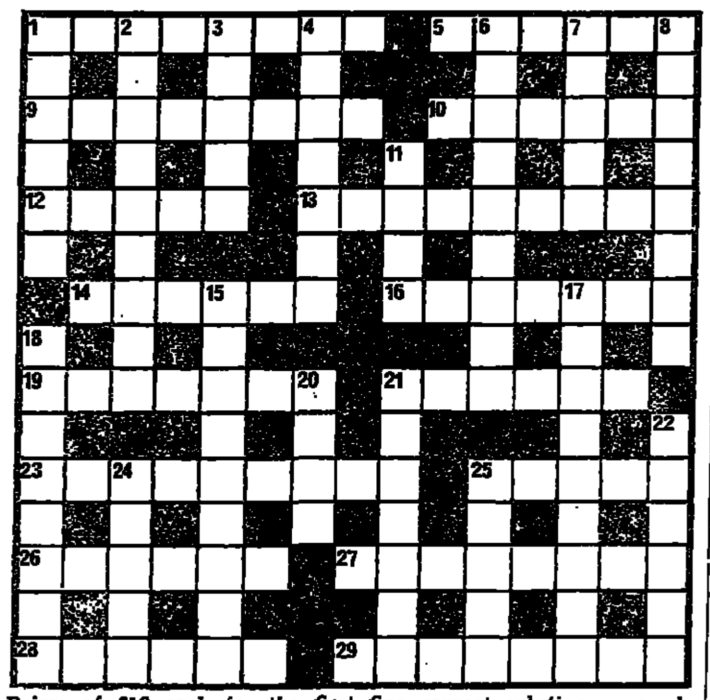
Arsenal also have two international forwards, Tony Woodcock and the talented, if enigmatic Charlie Nicholas. It has sometimes appeared that Woodcock would score more goals if he was more selfish—this vice is a virtue in a centre-forward —while Nicholas needs to provide a greater consistency of performance.

Last week, Arsenal were sunk almost without trace by Southampton's small and nippy Danny Wallace. He had been moved from the wing into the middle and upset the two central defenders who, like most of their breed, probably prefer to mark bigger centre-forwards (such as Mick Harford, now playing so well for Luton).

Most goals are scored from well within the penalty area. This is where a specialist striker should spend as much time as possible, as he ought to be more confident and capable of putting the ball in the back of the net than anyone else in his side. But every successful goal-scorer requires confidence: he must want to shoot and expect to score when he does. What he cannot afford, after a barren spell, is to start worrying—delaying his shot or passing to a colleague. This has ended many promising careers prematurely.

Trevor Bailey

F.T. CROSSWORD PUZZLE No. 5,899



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

The across solutions each begin with an auxiliary verb (such as IS or WOULD or DOTH) which is disregarded in the subordinate parts of their clues.

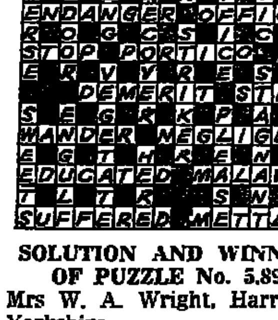
ACROSS

1 Security for General Ellis (8)
5 Do the dishes, having used some ketchup (4, 2)
9 Returning current for metamorphosed person (8)
10 Tree gives cry of pain (6)
12 Friendship — on your head be it! (5)
13 Mallet for cockchafer (3, 6)
14 Strong youth leader (6)
16 Turn to an onion (7)
19 Farewell to a piece of music (7)
21 Infernal oriental article (6)
23 Subtle change on pole, certainly (9)
25 Tree gives endless repetition (5)
26 Assembly for the queen (6)
27 Arranged in two parts, like a mouse tail first (8)
28 Model employer is model (6)
29 It may be hard or cold by return (8)

DOWN

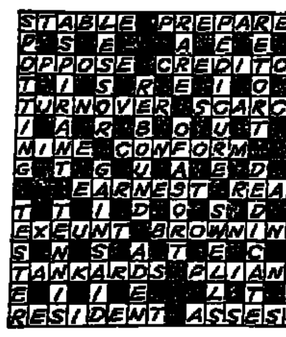
1 Which way had climber gone on an elephant? (6)
2 Colour for painting up among pests (9)
3 The humble are beheaded slowly (5)
4 Lucy involved with man? That's slander! (7)
6 Girl musicians used for Hair can be laid off (5, 4)
7 Man's destiny is to be a slave (5)
8 Cats and dogs, eating a bird, were paid for seats (3, 5)
11 One assent or many (4)
15 Cruel to have middle removed? Natural sequel to explosive (9)
17 Fields, did you say? Ancient sort of tenure (9)
18 A Kentish rebel's purpose to rise in the world of learning (8)
20 First people's last word (4)
21 Drug outside a man's meat dish (7)
22 Queen after Prince is like beer after whisky (6)
24 Ruling clique overthrown? (5)
25 Marshy tributary in Dixie gives degree to solver (5)

Solution to Puzzle No. 5,898



SOLUTION AND WINNERS OF PUZZLE No. 5,893

Mrs W. A. Wright, Harrogate, Yorkshire.
Mr J. M. Tasker, Milton Keynes.
Mr J. Nicholson, Preston Lancs.
Mr T. M. Coulson, London W6.
Mr M. S. T. Price, Weymouth, Dorset.



TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am The Family-Ness. 8.35 Children of Fire Mountain. 9.00 Saturday Superstore. 12.15 Grandstand, including 12.20 Football Focus; 12.45 Racing; 1.00 News and weather; 1.15 Racing; 1.30 Trampolining; 1.50 Racing; 2.05 Rugby League; 3.50 Half times; 3.55 Show Jumping; 4.20 Ski-ing; 4.00 Final Score. 5.05 pm News, weather. 5.15 Regional Programmes. 5.20 The Krankie Elektronik Komik. 5.50 The Noel Edmonds Late Late Breakfast Show. 6.40 Bob's Full House. 7.15 Juliet Bravo. 8.05 Only Fools and Horses. 8.35 News, Sport, weather. 8.50 Film: Murder One: Missing Pieces, 1983 Thriller. 10.25 International Show Jumping. 11.40 Saturday Late Film: They Call Me Trinity. 1970, Spaghetti western. 1.30 am Weather.

BBC 2

11.00 am Open University. 2.05 pm Saturday Cinema Double Bill: †2.05 Pork Chop Hill. 1959 War Film. †3.40 Separate Tables. Play. 5.15 Trial By Jury. 6.05 Deutsch Direkt! 6.30 Terry Waite: The Envoy from Lambeth Palace —A Way Of Life. 7.00 News, Sport, weather. 7.15 Shipwrecked! 8.05 pm Judas Maccabaeus. Handel's oratorio performed by the BBC Welsh Symphony Orchestra and The Dyfed Choir. 10.15 100 Great Sporting Moments. Torvill and Dean 1983. 10.25-12.15 am Francesco Rosi Season: Lucky Luciano, 1973.

LONDON

6.55 am Good Morning Britain. 9.25 TX. 11.00 Terrahawks. 11.30 Mr Smith. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Snooker. 4.15 Benson. 4.45 Sports Results. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Copycats. 7.45 3-2-1. 8.45 News, Sport. 9.00 The Professionals. 10.00 Time For Murder. 1.00 News followed by Snooker. 12.15 am The 2nd Annual MTV Video Music Awards. 2.20 Night Thoughts.

CHANNEL 4

12.30 pm Racing. †2.30 pm Rhapsody In Blue (1945) film biography of George Gershwin. 5.05 Brookside Omnibus. 6.00 The Puppet Man. 6.40 World of Animation. 7.00 News, weather followed by 7 Days. 7.30 The Planets. 8.00 Beats of the Heart. 9.00 Upstairs, Downstairs. 10.00 Hill Street Blues. 11.00 Who Dares Wins. †11.45 T-Men (1947). Crime thriller.

S4C WALES

12.30 pm Racing. †2.30 Feature Film: *Major Barabara* (1941). 5.00 The Great Collections. 5.30 Upstairs, Downstairs. 6.30 The Remarkable Rocket. 7.00 Hwrlibwrli. 7.30 News. 7.45 Taro Bargen. 8.15 Y Wers Nofio. 9.25 Y Maes Chwarae. 10.15 Beats of the Heart. †11.15 Feature Film: The Night Walker (1965).

REGIONS

IBA regions as London except at the following times:—

ANGLIA
11.00 am BBC's *Prize Time*. 11.05 Streethawk. 4.15 pm Small Wonder. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Candles in Advent.

BORDER
11.00 am Film: Double Exposure (1954). 4.15 pm Small Wonder. 9.00 Time For Murder. 10.00 Snooker.

CENTRAL
11.00 am Otherworld. 4.15 pm Small Wonder. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Comedy Tonight.

CHANNEL
11.00 am Puffin's Pla(i)ce. 11.10 Tarzan. 11.59 Channel Islands Weather. 4.15 pm Small Wonder. 5.05 Puffin's Pla(i)ce. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Weather.

GRAMPIAN
11.00 Otherworld. 4.15 Small Wonder. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Reflections.

GRANADA
11.05 am Rip Tide. 4.15 pm Diff'rent Strokes. 9.00 Time For Murder. 10.00 Snooker. †2.15 am Fonda, the man and his movies.

HTV
11.05 am Chips. 11.58 HTV News. 4.15 Happy Days. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Party with the Rovers. 12.45 HTV Weather.
HTV Wales—As HTV West except: 10.00 pm Club Rugby. 10.45 pm Snooker.

SCOTTISH
11.00 am Canadian Wildlife. 11.15 The Glen Michael Cavalcade. 4.15 pm Small Wonder. 5.35 Knight Rider. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Late Call.

Christopher Dean in Great Sporting Moments, BBC 2, 10.15

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 4.15 pm Small Wonder. 5.05 Newsport. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Postscript. 12.20 South West weather and Shipping Forecast.

TVS
11.00 am The Fantastic Four. 11.25 Wanted Dead Or Alive. 11.57 pm TVS weather. 4.15 Small Wonder. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Company.

TYNE TEES
11.00 am Morning Glory. 11.05 Chips. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Poet's Corner.

ULSTER
11.00 am The Baron. 4.15 pm Small Wonder. 5.03 Ulster News. 8.47 Ulster News. 9.00 Time For Murder. 10.00 Snooker. 12.15 am News at Bedtime.

YORKSHIRE
11.05 am The Greatest American Hero. 4.15 pm Small Wonder. 9.00 Time For Murder. 10.00 Snooker. 12.15 am Festival Folk.

RADIO

(S) Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs (S). 10.00 Sounds Of The 60s (S). 11.00 Album Time (S). 1.00 pm Radio Active. 1.30 Sport On 2. 6.00 Folk on 2. 7.00 Beat The Record. 7.30 Gala Concert (S). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Peter Dickson (S). 3.00-4.00 A Little Night Sequence (S).

BBC RADIO 3
6.55 am Weather. 7.00 News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.15 BBC Welsh Symphony Orchestra (S). 12.10 pm This Sporting Life. 12.15 Concert, part 2 (S). 1.00 News. 1.05 Heinrich Schutz (S). 2.10 Michala Petri Trio (S). 2.30 Ars Gallica. Orchestral music, songs and chamber music. 4.30 Domenico Scarlatti (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music For The Iron Voice. Gigout. Saint-Saens and Muler (S). 7.15 Anthony Powell. 8.00 Brandis String Quartet, part 1: Mozart, Schubert (S). 8.50 Alkan, Rossini and Others. 9.05 Recital, part 2: Kurtag, Beethoven (Op 130) (S). 9.50 Bruch. Music for voices and orchestra, and Symphony No 3 (S). 11.00 Musica Antiqua, Cologne. Two concertos and an overture by Telemann. 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down To Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week In Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Just A Minute (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; International Assignment. 3.30 The Saturday Feature: Munchausen. 4.15 The Third Age. 4.45 Prestwich Pique. 5.00 The Spirit of Kitty Hawk (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather. 6.00 News; Sports Round-Up. 6.25 The Return of the Peregrine. 6.55 Christopher Siderfield. 7.05 Stop The Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 In One Ear (S). 12.00-12.15 am News; Weather.

SUNDAY

BBC 1

† Indicates programme in black and white

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Digame! 10.55 Deutsch Direkt! 11.20 Tele-Journal. 11.45 Blizzard's Wizard Woodwork. 12.10 pm See Hear! 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week. 1.55 Cartoon. 2.00 ‡Eastenders. 3.00 Adventure Matinee: City Under the Sea (1965). 4.20-5.30 International Show Jumping. 5.30 Oliver Twist. 6.00 ‡Porridge. 6.30 News. 6.40 ‡Songs of Praise. 7.15 Sports Review of 1985. 8.50 News; Weather. 9.05 ‡Star Quality: Mr and Mrs Edgehill. 10.30 Everyman. 11.10 What a Picture! 11.40 The Sky at Night. 12.00 Weather.

BBC 2

10.10 am Open University. †11.45 Champion, The Wonder Horse. 12.10 pm Windmill. 1.10 States Of Mind. 2.00 Rugby Special. 2.30 100 Great Sporting Moment: Torvill and Dean—1984. 2.45 Luck & Flaw's Illustrated Guide to Caricature. 3.40 Under Sail. 4.00 Jorge Bolet Plays Rachmaninov. 4.40 Thinking Aloud. 5.20 Ski Sunday. 6.00 News Review. 6.30 The Money Programme. 7.15 The Natural World: The Desire of the Moth. 8.05 Comrades: October Harvest. 8.45 Friends and Friendships. 9.05 Fawlty Towers. 9.40 Australia Cinema: Warming Up (1984). 11.15-11.55 Late Night in Concert.

LONDON

6.55 am Good Morning Britain. 9.25 Wake up London. 9.35 Woody and Friends. 10.00 Morning Worship. 11.00 Weekend World. 1.00 pm City of Fear. 2.00 LWT News Headlines followed by The Human Factor. 2.30 Snooker. 6.00 Albion Market. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Bruce Forsyth's Play Your Cards Right. 7.45 Movie Premier: "On Golden Pond" (1981), starring Katharine Hepburn, Henry Fonda and Jane Fonda. 9.45 News. 10.00 Tales of the Unexpected. 10.30 Daddy, What Did you do in the Strike? 11.30 Police 5. 11.45 LWT News, followed by American Documentary. 12.40 am Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Cartoon Carnival. 2.00 Pob's Programme. 12.30 Film: "Mad About Music" (1938). 4.15 Thank Heavens for Maurice Chevalier. 5.15 News, followed by The Business Programme—on GEC's bid for Plessey. 6.00 American Football. 7.15 The Cross and the Dove. 8.15 The Jewel in the Crown (repeat). 9.15 The Writing on the Wall. †10.30 Film: "The Return of the Cisco Kid" (1939).

S4C WALES

2.15 pm The Planets. 2.45 Low. 3.45 Hannibal's Footsteps. 4.15 Mawl y Plant. 4.45 Pa Le, Pa Fodd? 5.15 The Business Programme. 6.00 American Football. 7.10 Superted. 7.20 Newyddion. 7.30 Trabor. 8.00 Hywel Gwynfryn. 8.35 Dechrau Canu, Dechrau Canmol. 9.05 The Jewel in the Crown. 10.05 Byd Cardd. 10.50 Sylw Un. 11.00 Dune Riders—A Saharan Adventure. 12.00 Snooker.

REGIONS

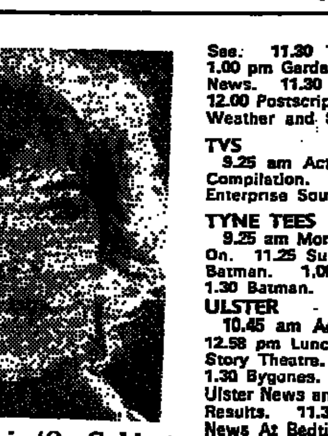
IBA regions as London except at the followin gtimes:

ANGLIA
9.30 am The Nuts and Bolts of "Cars." 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 11.30 Man in a Suitcase. 12.25 am The Goose is Getting Fat.

BORDER
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm Sheepdog Trials. 1.30 Farming Outlook. 7.10 World Cup Draw.

CENTRAL
9.25 am Wattoo, Wattoo. 9.30 Captain Scarlet and the Mysterons. 1.00 pm Gardening Time. 1.30 Here And Now. 11.30 London Calling—The Christmas Show.

CHANNEL
12.25 pm Weather. 12.26 Starting Point. 12.30 Link. 1.00 Gardens For All. 1.30 Working for a Better Life. 6.28 Channel News Headlines. 6.30 Appeal. 6.35 Highway. 7.05 News. 11.30 Quincy. 12.20 Weather.



Jane Fonda in 'On Golden Pond,' ITV, 7.45

GRANADA
9.25 am The Wonderful World of Professor Kitzel. 9.35 Survival. 11.00 The Questers. 11.25 Aap Kaa Hak. 11.30 Down to Earth. 1.00 pm The Fall Guy. 11.30 Man in a Suitcase.

GRAMPIAN
9.25 Cartoon. 9.30 Fireball XL5. 10.00 Sesame Street. 1.00 Farming Outlook. 1.30 Grampian Sheepdog Trials. 2.30 Scotsport. 11.30 Function Room. 12.00 Reflections.

HTV
9.25 am Fabulous Funnies. 9.50 Science International. 1.00 pm Survival. 1.30 West Country Farming followed by Weather for Farmers. 7.10 World Cup draw latest. 11.30 The Streets of San Francisco. 12.30 am HTV Weather.

SCOTTISH
9.25 am Canadian Documentary. 9.30 The Questors. 10.00 Sesame Street. 11.30 The Human Factor. 1.00 Grampian Sheepdog Trials. 1.30 Farming Outlook. 2.00 Not Strangers, But Pilgrims. 2.30 Scotsport. 11.30 Late Call. 11.35 The New Avengers.

TSW
9.25 am Getting On followed by Getting On . . . Plus. 11.25 Look And See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Farming News. 11.30 The South West Week. 12.00 Postscript. 12.05 am South West Weather and Shipping Forecast.

TVS
9.25 am Action Line. 9.40 Cartoon Compilation. 1.00 pm Agenda. 1.30 Enterprise South.

TYNE TEES
9.25 am Morning Glory. 9.30 Getting On. 11.25 Sunday Lookaround. 11.30 Batman. 1.00 pm Farming Outlook. 1.30 Batman. 11.30 Epilogue.

ULSTER
10.45 am Advice with Anne Hailes. 12.58 pm Lunchtime News. 1.00 Short Story Theatre. 1.28 Farming Weather. 1.30 Bygones. 6.38 Ulster News. 9.57 Ulster News and Weather. 11.30 Sports Results. 11.35 Festival Folk. 12.00 News At Bedtime.

YORKSHIRE
9.25 am Regional weather forecast followed by Getting On. 11.30 Farming Diary. 1.00 pm Fonda: The Man And His Movies. 11.30 Late Night Drama. 12.00 Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2
7.30 Roger Royle (S). 9.00 Melodies For You (S). 11.00 Desmond Carrington (S). 1.00 pm David Hamilton Presents Two's Best (S). 2.00 Benny Green (S). 3.00 Alan Dell (S). 4.00 A Proper Charlie (S). 4.30 Sing Something Simple (S). 5.00 Charlie Chester. 7.00 Kenneth Alwyn. 7.30 World Cup Draw Report. 7.35 A Box At The Opera. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs From The Shows. 10.45 Martin Rescoe. 11.00 Sounds Of Jazz. 1.00 am Peter Dickson (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 News. 7.05 Concertino Pastorale (S). 8.00 Schubert (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly. 11.15 Sheila Armstrong and Geoffrey Parsons (S). 12.15 pm Bournemouth Symphony Orchestra. Recorded concert, part 1: Holst, Walton (S). 12.50 Words. 12.55 Concert, part 2. Prokofiev, Tchaikovsky. 1.40 Bach On Record. 2.05 Lucio Silla (S). 5.30 New Premises. 6.15 Southampton International New Music Week 1985, part 1 (S). 6.50 Breaking The Rules. 7.05 Concert, part 2 (S). 7.45 Gertrude Stein and a Companion. A Play by Win Wells (S). 8.55 Sonatas From France (S). 9.30 The Reith Lectures 1985. 10.00 Stephen Bishop-Kovacevich. Piano recital: Bartok, Chopin; 10.45 Interval Reading: 10.50 Schubert. 11.35 Kalawati (S). 11.57-12.00 News.

BBC RADIO 4
7.00 News. 7.10 Sunday Papers. 7.15 Apna Hi Ghar Samajhiye. 7.45 Bells. 7.50 Turning Over New Leaves. 7.55 Weather: Travel. 8.00 News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Canon Geoffrey Brown. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America. 9.30 Morning Service for Advent Sunday. 10.15 The Archers. 11.15 The Colour Supplement. 12.55 Weather. 1.00 pm The World This Weekend: News. 2.00 News; Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News; Talking About Antiques. 4.30 The Living World. 5.00 News; Travel. Down Your Way. 5.55 Weather. 6.00 News. 6.15 Feedback. 6.30 Bookshelf. 7.00 Travels: Johnson and Chippet (S). 7.30 Leslie. 8.15 Evening Service (S). 9.00 News; The White Peacock by D. H. Lawrence. Final part (S). 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: That They May Be One. 11.00 Mary And The Incarnation. 11.15 In Committee. 12.00-12.15 News; Weather.